



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Sanam Group Holding Company – KPSC and Subsidiaries

**(Formerly: Sanam Real Estate Company – KPSC and
Subsidiaries)**

Kuwait

31 December 2025

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Independent Auditor's Report

To the Shareholders of
Sanam Group Holding Company – KPSC
(Formerly: Sanam Real Estate Company – KPSC)
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sanam Group Holding Company – KPSC (Formerly: Sanam Real Estate Company – KPSC) (the “Parent Company”) and Subsidiaries (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 9 and 21.3 to the consolidated financial statements which describes that the valuation carried out for a right of use land included under investment properties is based on the fact that the Group will renew the right of use land lease contract for a further 30 years upon expiry of the lease contract in 2039. Though the management intends to develop the property and renew the lease upon expiry, the renewal itself depends upon the approval of such renewal request by the relevant authorities. The ultimate outcome of the said renewal cannot be determined presently and consequently no adjustments have been done to the carrying value of the right of use of land. Our opinion is not modified in 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. We have determined the matter described below as the key audit matter.

Independent Auditor's Report to the Shareholders of Sanam Group Holding Company – KPSC (Formerly: Sanam Real Estate Company – KPSC) (continued)

Key Audit Matters (continued)

Investment in associates

The Group has investments in associates which are accounted for using the equity method of accounting and such represents 66% of the Group's total assets. Under the equity method, the investments are initially recorded at cost and subsequently adjusted for the Group's share of post-acquisition changes in the net assets of the associates, less any impairment. During the year, the Group has acquired interest in new associates, resulting in the recognition of a bargain purchase gains (refer note 10.4 & 10.5), which has been included within the group's total share of results from associates which totalled KD 1,741,732, which is significant to the Group's results. The acquisitions involved significant judgment in assessing significant influence, determining the fair value/provisional fair value of identifiable net assets acquired and appropriateness of the bargain purchase gains. Further, the complexity of the Group's control environment and our ability as the Group's auditor to obtain an appropriate level of understanding of these entities including any related party transactions were also significant to our audit. Due to all these factors and the significance of the investment in associates to the Group's consolidated financial statements we consider this as a key audit matter.

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for these investments and selecting the significant investments based on the size and/or risk profile of these entities. During our audit we communicated with those selected component auditors, and we also provided instructions to those selected component auditors covering the significant areas and risks to be addressed including the identification of related parties and transactions. Further our audit procedures also included evaluating the Group's assessment of significant influence for the newly acquired associates, assessing the accounting for the acquisition including the fair value/provisional fair value of net assets acquired and recognition of the bargain purchase gain, testing the share of results using the financial information of associates. Our procedures also included evaluating management's consideration of the impairment indicators of investment in associates and for associates where there were impairment indicators, we also reviewed management's assessment of the recoverable value of the investment and assessed the appropriateness of key estimates and assumptions and valuation methodology used. We also assessed the adequacy of the Group's disclosures in Note 5.2.4 and 10 to the consolidated financial statements.

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

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report to the Shareholders of Sanam Group Holding Company – KPSC (Formerly: Sanam Real Estate Company – KPSC) (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Parent Company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process

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

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

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

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



Independent Auditor’s Report to the Shareholders of Sanam Group Holding Company – KPSC (Formerly: Sanam Real Estate Company – KPSC) (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company’s board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, and its Executive Regulations, as amended, and by the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.(1) of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority (“CMA”) and its relevant regulations have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

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

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD (Restated)
Change in fair value of investment properties	9	-	251,646
Net (loss)/gain from financial assets at FVTPL		(91,783)	42,891
Share of results of associates	10	1,741,732	294,427
	10.4		
Gain on bargain purchase of associates	&10.5	1,421,270	-
Gain on acquisition of subsidiary	6	-	516,159
Management fees	17	276,188	274,024
Interest and other income		107,773	94,346
		3,455,180	1,473,493
Expenses and other charges			
Staff costs		(458,020)	(216,699)
General, administrative and other expenses		(544,075)	(168,864)
Depreciation expenses		(14,734)	(13,161)
Finance costs		(44,071)	-
Impairment loss on investment in associates		(54,889)	-
		(1,115,789)	(398,724)
Profit for the year before provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for Zakat, National Labour Support Tax (NLST) and directors' remuneration		2,339,391	1,074,769
Provision for contributions to KFAS		(13,830)	(9,767)
Provision for Zakat		(16,214)	(8,020)
Provision for NLST		(53,923)	(27,411)
Board of directors 'remuneration		(30,000)	(12,500)
Profit for the year from continuing operations		2,225,424	1,017,071
Discontinued operations			
(Loss)/profit for the year from discontinued operations	6.2	(207,587)	10,427
Profit for the year		2,017,837	1,027,498
Other comprehensive (loss) / income:			
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>			
- Exchange differences arising on translation of foreign operations		(20,579)	9,681
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>			
- Net change in fair value of financial assets at FVTOCI		18,223	(25,385)
Total other comprehensive loss		(2,356)	(15,704)
Total comprehensive income for the year		2,015,481	1,011,794
Basic and diluted earnings per share attributable to shareholders of the Parent Company:			
- From continuing operations		11.76 Fils	6.58 Fils
- From discontinued operations		(1.10) Fils	0.07 Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	7	10.66 Fils	6.65 Fils

The notes set out on pages 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2025 KD	31 Dec 2024 KD
Assets			
Non-current assets			
Property, plant and equipment	8	224,500	1,681,104
Investment properties	9	2,328,116	2,348,695
Financial assets at fair value through other comprehensive income		125,338	107,115
Investment in associates	10	16,826,814	5,531,967
Fixed deposit		-	50,000
		19,504,768	9,718,881
Current assets			
Assets included in disposal group classified as held for sale	6.2	1,828,062	-
Inventory		-	49,277
Financial assets at fair value through profit or loss	11	227,389	319,172
Accounts receivable and other assets	12	115,032	813,576
Cash and cash equivalents	13	3,829,759	1,306,992
		6,000,242	2,489,017
Total Assets		25,505,010	12,207,898
Equity and liabilities			
Equity			
Share capital	14	22,050,000	10,500,000
Legal reserve	15	397,073	183,893
Voluntary reserve	15	397,073	183,893
Foreign currency translation reserve		(12,543)	8,036
Treasury shares	25	(37,403)	-
Treasury shares profit reserve		12,863	12,863
Cumulative changes in fair value		(7,162)	(25,385)
Retained earnings		1,997,554	931,077
Total equity		24,797,455	11,794,377
Liabilities			
Non-current liabilities			
Provision for end of service indemnity		96,323	156,666
Current liabilities			
Liabilities included in disposal group classified as held for sale	6.2	328,062	-
Accounts payable and other liabilities	16	283,170	256,855
		611,232	256,855
Total Liabilities		707,555	413,521
Total Equity and Liabilities		25,505,010	12,207,898



Waleed Hamad Al-Sumait
Chairman



Dr. Sulaiman Tareq Al-Abduljader
Vice chairman & CEO

The notes set out on pages 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Treasury shares KD	Treasury shares profit reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
Balance at 1 January 2025	10,500,000	183,893	183,893	8,036	-	12,863	(25,385)	931,077	11,794,377
Issue of bonus shares (note 18)	525,000	-	-	-	-	-	-	(525,000)	-
Increase in share capital (refer to note 14)	11,025,000	-	-	-	-	-	-	-	11,025,000
Purchase of treasury shares	-	-	-	-	(37,403)	-	-	-	(37,403)
Transactions with owners	11,550,000	-	-	-	(37,403)	-	-	(525,000)	10,987,597
Profit for the year	-	-	-	-	-	-	-	2,017,837	2,017,837
Total other comprehensive (loss)/ income	-	-	-	(20,579)	-	-	18,223	-	(2,356)
Total comprehensive (loss)/ income for the year	-	-	-	(20,579)	-	-	18,223	2,017,837	2,015,481
Transfer to reserves	-	213,180	213,180	-	-	-	-	(426,360)	-
Balance at 31 December 2025	22,050,000	397,073	397,073	(12,543)	(37,403)	12,863	(7,162)	1,997,554	24,797,455
Balance at 1 January 2024	10,000,000	75,373	75,373	(1,645)	-	-	-	620,619	10,769,720
Issue of bonus shares (note 18)	500,000	-	-	-	-	-	-	(500,000)	-
Purchase of treasury shares	-	-	-	-	(193,692)	-	-	-	(193,692)
Sale of treasury shares	-	-	-	-	193,692	12,863	-	-	206,555
Transactions with owners	500,000	-	-	-	-	12,863	-	(500,000)	12,863
Profit for the year	-	-	-	-	-	-	-	1,027,498	1,027,498
Total other comprehensive loss	-	-	-	9,681	-	-	(25,385)	-	(15,704)
Total comprehensive (loss) / income for the year	-	-	-	9,681	-	-	(25,385)	1,027,498	1,011,794
Transfer to reserves	-	108,520	108,520	-	-	-	-	(217,040)	-
Balance at 31 December 2024	10,500,000	183,893	183,893	8,036	-	12,863	(25,385)	931,077	11,794,377

The notes set out on pages 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD (Restated)
OPERATING ACTIVITIES		
Profit for the year before provision for contribution to KFAS, provision for Zakat, NLST and directors' remuneration	2,339,391	1,074,769
Adjustments:		
Change in fair value of investment properties	-	(251,646)
Share of results of associates	(1,741,732)	(294,427)
Gain on bargain purchase of associates	(1,421,270)	-
Impairment loss on investment in associates	54,889	-
Gain on acquisition of subsidiary	-	(516,159)
Depreciation expenses	14,734	13,161
Interest income	(55,758)	(66,634)
Provision for end of service indemnity	25,131	11,229
Finance costs	44,071	-
	(740,544)	(29,707)
Changes in operating assets and liabilities:		
Inventory	-	367
Accounts receivable and other assets	10,979	(171,145)
Financial assets at fair value through profit or loss	91,783	(42,891)
Accounts payable and other liabilities	66,803	(14,614)
Cash flows used in operation	(570,979)	(257,990)
KFAS paid	(9,767)	(6,784)
Zakat paid	(8,020)	(7,654)
NLST paid	(27,411)	(19,134)
End of service indemnity paid	(3,650)	-
Net cash used in continuing operations	(619,827)	(291,562)
Net cash from discontinued operations	75,120	40,430
Net cash used in operating activities	(544,707)	(251,132)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(42,553)	(168,440)
Proceeds from disposal of property, plant and equipment	-	36,000
Investment in associates	(7,832,734)	(300,000)
Purchase of financial assets at fair value through other comprehensive income	-	(66,250)
Advance payment to acquire an investment in associate	-	(354,000)
Net cash outflow resulting from acquisition of a subsidiary during the previous year	-	(1,025,976)
Decrease / (increase) in pledged deposit	1,000,000	(1,000,000)
Interest income received	55,758	66,634
Net cash used in investing activities from continuing operations	(6,819,529)	(2,812,032)
Net cash used in investing activities from discontinued operations	(96,984)	7,012
Net cash used in investing activities	(6,916,513)	(2,805,020)

The notes set out on pages 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD (Restated)
FINANCING ACTIVITIES			
Increase in share capital		11,025,000	-
Proceeds from short-term borrowings		3,000,000	-
Repayment of short-term borrowings		(3,000,000)	-
Finance costs paid		(44,071)	-
Purchase of treasury shares		(37,403)	(193,692)
Proceeds from disposal of treasury shares		-	206,555
Net cash from financing activities		10,943,526	12,863
Net increase / (decrease) in cash and cash equivalents		3,482,306	(3,043,289)
Cash and cash equivalents attributable to discontinued operations		40,461	(18,597)
Cash and cash equivalents at the beginning of the year		306,992	3,368,878
Cash and cash equivalents at the end of the year for continuing operations	13	3,829,759	306,992

The notes set out on pages 10 to 51 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

Sanam Group Holding Company – KPSC (Formerly: Sanam Real Estate Company – KPSC) (“the Parent Company”) was incorporated in 23 February 1982 as a Kuwaiti public shareholding company in accordance with the provisions of the Companies Law in the State of Kuwait.

The Parent Company’s shares was listed on Boursa Kuwait on 28 December 2004.

The Group comprises the Parent Company and Subsidiaries (collectively referred to as “the Group”). The details of the Subsidiaries are described in (Note 6).

The shareholders at the extraordinary general assembly held on 15 May 2025 approved to change the Company’s name to Sanam Group Holding Company -KPSC and the required approval from Ministry of Commerce and Industry was obtained on 26 May 2025. Further, at the same extraordinary generally assembly the shareholders also approved to change the Company’s activity from a real estate company to a holding company and also approved to amend the Articles of Association and the Memorandum of Association to enable the company to conduct its business in Compliance with Sharia principles and the required approval from Ministry of Commerce and Industry was obtained on 27 May 2025.

The objectives of the Parent Company were amended to become as follows:

- 1- Holding company activities.
- 2- Managing its subsidiaries or participating in the management of other companies in which it holds shares and providing the necessary support to them.
- 3- Investing its funds in trading shares, bonds, and other securities.
- 4- Owning real estate and movable assets necessary for conducting its business within the limits permitted by law.
- 5- Financing or lending to companies in which it holds shares or stakes, and providing guarantees for them with third parties. In this case, the holding company's share in the capital of the borrowing company must not be less than twenty percent.
- 6- Owning intellectual property rights, such as patents, trademarks, industrial designs, franchise rights, and other intangible rights, and utilizing and leasing them to its subsidiaries or third parties.
- 7- Holding activities business management office.

The Parent Company may have an interest in or engage in any way with entities that carry out activities similar to its own or that may assist it in achieving its objectives, both in Kuwait and abroad. It is also allowed to purchase these entities or merge them with itself.

The address of the Parent Company’s registered office is Kuwait City - Salhiya Mall – Floor 5 - Kuwait.

These consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the Parent Company’s board of directors on 31 March 2026. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance with IFRS accounting standards and going concern assumption

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

Notes to the consolidated financial statements (continued)

2 Statement of compliance with IFRS accounting standards and going concern assumption (continued)

These consolidated financial statements have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

IAS 21 Amendments – Lack of exchangeability

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

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

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

3.2 IASB Standards issued but not yet effective

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

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

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

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

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

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

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM)
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

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

4 Material accounting policy information

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

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and investment in real estate portfolio that have been measured 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 Group has elected to present the "consolidated statement of profit or loss and other comprehensive income" in one statement.

4.2 Basis of consolidation

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.2 Basis of consolidation (continued)

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

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

4.3 Business combinations

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.3 Business combinations (continued)

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

4.4 Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods
- Rental income
- Interest and similar income
- Dividends income

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

The Group follows a 5-step process:

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

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

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

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

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

4.4.1 Sale of goods - ready mix

Sale of goods is recognised when the Group has transferred control over goods to customers, generally when the customer has taken undisputed delivery of the goods.

4.4.2 Rental income

Rental income from investment properties is recognised as stated in note 4.8.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.4 Revenue recognition (continued)

4.4.3 Interest and similar income

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

4.4.4 Dividend income

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

4.5 Operating expenses

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

4.6 Borrowing costs

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

4.7 Taxation

4.7.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

4.7.2 National Labour Supporting tax

The National Labour Support Tax (NLST) is calculated at 2.5% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 24 for the year 2006 and Law No. 19 for the year 2000.

4.7.3 Zakat

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

4.8 Leased assets

The Group as a lessee

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.8 Leased assets (continued)

The Group as a lessee (continued)

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

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

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

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

Lease liability

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.8 Leased assets (continued)

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties, however during the year there were no such lease agreements. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

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

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

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

4.9 Property, plant and equipment

Property, plant and equipment other than right of use of industrial land are stated at cost less accumulated depreciation and any impairment in value. Right of use of industrial land is treated like freehold land and is not depreciated (refer note 5.2.5) and stated at cost and tested for impairment annually based on valuations performed. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Mixers	20 years
Vehicles and equipment	20 years
Buildings	20 years
Tools and furniture	7 years

Capital work-in progress is stated at cost. Following completion, capital work-in progress is transferred into relevant class of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.10 Investment properties

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

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

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

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

4.11 Investment in associates

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

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

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

The share of results of an associate is shown on the face of the consolidated statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company’s reporting date, using consistent accounting policies. 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.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.11 Investment in associates (continued)

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

However, when the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.12 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

4.13 Financial instruments

4.13.1 Recognition, initial measurement and derecognition

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

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either.
 - (a) the Group has transferred substantially all the risks and rewards of the asset or
 - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.1 Recognition, initial measurement and derecognition (continued)

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

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

4.13.2 Classification of financial assets

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

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

The classification is determined by both:

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

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

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

4.13.3 Subsequent measurement of financial assets

• Financial assets at amortised cost

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- **Financial assets at amortised cost (continued)**

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

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

- *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in portfolios, term deposits and bank balances which are subject to insignificant risk of changes in value.

- *Accounts receivable and other assets*

Accounts receivable and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

- **Financial assets at FVTOCI**

The Group's financial assets at FVTOCI comprise equity investments and debt instruments. The equity investments represent investments in shares of various companies and include both quoted and unquoted.

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI

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

A financial asset is held for trading if:

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- *Financial assets at FVTOCI (continued)*

Equity investments at FVTOCI (continued)

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- *Financial assets at FVTPL*

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

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

The Group's financial assets at FVTPL comprise investments in equity instruments.

4.13.4 Impairment of financial assets

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

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

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

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

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

4.13.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, accounts payable and other liabilities, due to related parties and due to banks.

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

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Due to banks, accounts payable and other liabilities, due to related parties, term loans and murabaha payable are classified as financial liabilities other than at FVTPL.

- *Short term borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Accounts payable and other liabilities*

Accounts payable and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

4.14 Amortised cost of financial instruments

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.15 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.16 Offsetting of financial instruments

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

4.17 Fair value of financial instruments

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

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21.2.

4.18 Equity, reserves and dividend payments

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

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

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

Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD

Retained earnings/accumulated losses includes all current and prior period retained profits/losses. All transactions with owners of the Parent Company are recorded separately within equity.

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

4.19 Provisions, contingent assets and contingent liabilities

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.19 Provisions, contingent assets and contingent liabilities (continued)

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

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

4.20 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. Treasury shares are accounted for under cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. Treasury shares are not entitled to cash dividends that the Group may distribute. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

When the treasury shares are reissued, gains are recorded directly in "Treasury shares reserve" in the shareholders' equity. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and legal reserve. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves and retained earnings equal to the loss previously charged to this account.

4.21 Segment reporting

The Group has three operating segments: the real estate, investment and ready mixed concrete production segments. In identifying these operating segments, management generally follows the Group's significant services for each segment. 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.

4.22 Foreign currency translation

4.22.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.22.2 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 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.

4.22.3 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.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.22 Foreign currency translation (continued)

4.22.3 Foreign operations (continued)

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 the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

4.23 End of service indemnity

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

In addition, 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. These contributions are expensed when due.

4.24 Climate-related matters

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

Assumptions could change in the future in response to new environmental regulations, commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

4.25 Non-current assets and liabilities classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell; other than for investment properties which are measured at fair value, all others 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 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.

Any profit or loss arising from the sale of a non-current assets held for sale or its remeasurement to fair value less costs to sell is presented as part of a single line item in profit or loss.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty

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

5.1 Significant management judgments

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

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.13). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Classification of real estate

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

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

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

5.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement (also refer note 10.4).

5.2 Estimates uncertainty

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

5.2.1 Impairment of financial assets

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

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.1 *Impairment of financial assets (continued)*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.2 *Fair value of financial instruments*

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

5.2.3 *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.4 *Impairment of associate*

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

5.2.5 *Business combinations*

Management assesses the fair value of identifiable net assets of the subsidiary /associate at the acquisition date to determine the Group's share of net assets and any resulting goodwill or gain on bargain purchase.

The valuation of underlying assets and liabilities may involve the use of judgment and estimation techniques, particularly for items such as properties, intangible assets or unquoted investments, where observable market data may be limited.

Notes to the consolidated financial statements (continued)

6 Investment in subsidiaries

The details of the major subsidiaries are as follows:

<u>Name of Subsidiaries</u>	Country of incorporation	Percentage of ownership		Principle activity
		31 Dec. 2025	31 Dec. 2024	
Sanam Limited FZC (6.1)	UAE	100%	100%	Real estate and investment
Sanam Innovation Holding -WLL (Holding)	Kuwait	99.6%	99.6%	Real estate and investment
Sanam Capital Holding Company - WLL (Holding) (6.3)	Kuwait	99%	99%	Real estate and investment
Medcap Medical Company– KSC (Closed) (Subsidiary of Sanam Capital Holding Company - WLL) (6.3)	Kuwait	99.8%	99.8%	Health care
European Concrete Ready-Mix Company - WLL (Subsidiary of Sanam Innovation Holding Company - WLL) (6.2)	Kuwait	99%	99%	Ready mixed concrete production

The subsidiaries are consolidated based on audited financial statements for the financial year ended 31 December 2025.

6.1 Sanam Limited - Free Zone Company was incorporated during the year 2023 by the Parent Company with a share capital of AED 100,000. During the year 2023, the concession agreement referred to in note (9) to the consolidated financial statements was transferred to the subsidiary from another local subsidiary of the Group.

During December 2023, the Group’s management approved to increase the capital of the subsidiary - Sanam Limited -FZC to reach AED 50 million through increase in cash and in kind, and decided that a new investor (a related party) will invest in cash an amount of AED 25Mn to own a stake of 50% of the subsidiary’s capital. Consequently, the Group on 28 December 2023 signed an agreement with the related party to this effect, and the increase in capital along with execution of other requirements stated in the agreement was expected to occur during the year 2024.

Subsequent event:

On 21 January 2026, the board of directors of the Parent Company approved amendments to the above partnership agreement of Sanam Limited – FZC, reducing the Parent Company’s ownership from 50% to 40% and increasing the share capital of Sanam Limited – FZC from AED 100,000 to AED 90,282,000. These changes are expected to result in the loss of control and reclassification of Sanam Limited – FZC as an associate. The related financial impact will be recognized in the consolidated financial statements once the capital increase procedures are completed.

6.2 Disposal group classified as held for sale and discontinued operations

During the third quarter of the current year, management of the Group decided to discontinue and sell its entire stake in European Concrete Ready-Mix Company – WLL (“ECRMC”), a sub-subsidiary, in line with the Group’s strategy to focus on its core activities. Consequently, assets and liabilities allocable to this sub-subsidiary are classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group’s continuing operations and are shown as a single line item in the consolidated statement of profit or loss and other comprehensive income and the comparative information have been reclassified accordingly.

Notes to the consolidated financial statements (continued)

6 Investment in subsidiaries (continued)

6.2 Disposal group classified as held for sale and discontinued operations (continued)

Operating profit of the discontinued operations and disposal of assets and liabilities classified as held for sale are summarised as follows:

	31 Dec. 2025 KD
Assets included in disposal group classified as held for sale:	
Property, plant and equipment	1,353,540
Inventory	64,277
Accounts receivable and other assets	319,784
Cash and cash equivalents	90,461
Total	1,828,062
	KD
Liabilities included in disposal group classified as held for sale:	
Provision for end of service indemnity	71,522
Accounts payable and other liabilities	256,540
Total	328,062

Operating profit of the discontinued operations

	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
Income		
Sales	717,969	432,653
Cost of sales	(572,294)	(330,534)
Gross profit	145,675	102,119
Interest and other income	71,379	17,720
Staff costs	(158,056)	(94,284)
General, administrative and other expenses	(57,811)	(14,988)
Depreciation expenses	(207)	(140)
	980	10,427
Losses from remeasuring non-current assets held for sale	(208,567)	-
(Loss) /profit for the year from discontinued operations	(207,587)	10,427

The Group's management has taken the necessary steps for the sale process, including obtaining serious offers from potential buyers. Based on offers and information available to the management to date the subsidiary has recorded a loss of KD 208,567 as the expected sale value less cost to sell is below the net book value of the sub-subsidiary classified as held for sale. The Group's management expects to complete the sale and dispose of the sub-subsidiary within a period not exceeding twelve months from the date of the consolidated financial statements.

Notes to the consolidated financial statements (continued)

6 Investment in subsidiaries (continued)

6.3 Subsequent event:

On 9 March 2026, the board of directors of the Parent Company approved for its subsidiary, Sanam Capital Holding Company to enter into a partnership, through its fully owned subsidiary (Medcap Medical Company (“Medcap”)), with a third party who is a specialised medical company. This will be carried out through the acquisition by Medcap, a medical centre owned by the third party for which Sanam Capital Holding Company will pay an amount of KD500,000 for 27.8% of Germania Medical Centre. The remaining 72.2%, valued at KD 1,300,000 will be acquired by Medcap in exchange for the third party obtaining a 55% ownership stake in Medcap. This may result in an amendment to the ownership structure of Medcap, whereby the ownership of Sanam Capital Holding Company in Medcap would become 45%, after obtaining the approval of the relevant regulatory authorities. Following completion and regulatory approvals, Medcap is expected to be reclassified from a subsidiary to an associate, with the financial impact to be recorded upon final approval.

7 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Parent Company by weighted average number of shares outstanding during the year excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Year ended 31 Dec. 2025	Year ended 31 Dec 2024 (Restated)
Profit for the year attributable to shareholders of the Parent Company (KD)		
- From continuing operations	2,225,424	1,017,071
- From discontinued operations	(207,587)	10,427
Total	2,017,837	1,027,498
Weighted average number of shares outstanding during the year (excluding treasury shares) (share)	189,240,781	154,491,699
Basic and diluted (loss) / earnings per share		
- From continuing operations	11.76 Fils	6.58 Fils
- From discontinued operations	(1.10) Fils	0.07 Fils
Total	10.66 Fils	6.65 Fils

The basic and diluted earnings per share reported during the previous year was 9.80 Fils, before retroactive adjustments relating to bonus share issue (note 18) and rights issue (note 14).

Notes to the consolidated financial statements (continued)

8 Property, plant and equipment

	Mixers KD	Vehicles and Equipment KD	Buildings KD	Tools and furniture KD	Capital work in progress KD	Right of use of industrial land (*) KD	Total KD
Cost							
At 1 January 2025	510,000	376,350	104,327	96,455	137,401	500,000	1,724,533
Additions	5,144	35,888	62,171	37,289	12,370	-	152,862
Disposals	-	(18,000)	-	-	-	-	(18,000)
Effect of disposal group classified as held for sale	(515,144)	(394,238)	(166,498)	(15,853)	-	(500,000)	(1,591,733)
At 31 December 2025	-	-	-	117,891	149,771	-	267,662
Accumulated depreciation							
At 1 January 2025	7,650	5,645	1,565	28,569	-	-	43,429
Charge for the year	12,402	9,153	2,538	14,941	-	-	39,034
Relating to disposals	-	(1,108)	-	-	-	-	(1,108)
Effect of disposal group classified as held for sale	(20,052)	(13,690)	(4,103)	(348)	-	-	(38,193)
At 31 December 2025	-	-	-	43,162	-	-	43,162
Net book value							
At 31 December 2025	-	-	-	74,729	149,771	-	224,500
At 31 December 2024	502,350	370,705	102,762	67,886	137,401	500,000	1,681,104

The depreciation charge has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cost of sales	24,093	14,861
Administrative expenses	14,941	13,301
	39,034	28,162

(*) The fair value of right of use of industrial land was KD 500,000 on acquisition and was evaluated again by a local independent valuer (local bank) at 31 December 2024 which approximated the carrying value. On 14 March 2024, a Group's subsidiary has renewed the lease agreement with the Kuwait Public Authority for Industry for 5 years expiring on 13 March 2029 and further, renewable through a new agreement. Notwithstanding the contractual term of the leases, management considers that, based on market experience, the leases are renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease and, consequently, as is common practice in Kuwait, these leases have been accounted for as freehold land.

Notes to the consolidated financial statements (continued)

9 Investment properties

	31 Dec. 2025 KD	31 Dec. 2024 KD
Leased properties		
Balance at beginning of the year	2,348,695	2,087,875
Change in fair value during the year	-	251,646
Foreign currency translation reserve	(20,579)	9,174
Balance at the end of the year	2,328,116	2,348,695

The fair value of foreign investment properties was determined based on a valuation obtained from an independent valuer.

Leased properties represent right to use a land in United Arab Emirates (UAE), where the Group has signed a concession agreement to lease part of a land in Al Jaddaf, Dubai (on a Build-Operate-Transfer (BOT) basis), owned by the Dubai Municipality – Department of Dubai Train. The lease period is 30 years commencing on 9 September 2009.

The Group has decided to develop the land according to the concession agreement and intends to renew the right of use land agreement on its expiry for another 30 years, as such renewal is in line with industry practice. Accordingly, in order to facilitate development of the property and to bring in a new investor to finance the development, the Group transferred the property from a local subsidiary to a 100% owned foreign subsidiary located in the United Arab Emirates (UAE). Consequently, the concession agreement has been transferred in the name of a 100% owned UAE subsidiary, and during December 2023 the Group has signed an agreement with a related party to jointly develop the property where the related party will participate in the increase in capital (in cash) of the subsidiary for a stake in the subsidiary (refer Note 6.1).

Note 21.3 sets out the measurement basis of fair value of the investment properties.

10 Investment in associates

Details of the associates are set out below:

<u>Name of associate</u>	Country of incorporation	Ownership percentage		Principle activities
		31 Dec. 2025	31 Dec. 2024	
Eradat International Real Estate Company – KSC (Closed)	Kuwait	37.53%	37.53%	Real estate
Technical Integrated Aquaculture Company – WLL (10.2)	Kuwait	20%	20%	Aquaculture
Spirit Health Care for Importing Medicines & Medical Supplies -WLL (10.3)	Kuwait	20%	-	Health Care Investment (Education)
Addax -BSC (Closed) (10.4)	Bahrain	54.41%	-	
National Medical Consumable Industries Company -KSCC ("NATMED") (10.5)	Kuwait	24%	-	Industry

All the above associates are unquoted.

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.1 Investment in associate with a carrying value of KD Nil (2024: KD 5,227,863) is pledged against short-term borrowings (refer to note 24).

10.2 The Group acquired Technical Integrated Aquaculture Company – WLL during the year 2024 and the formalities related to the transfer of ownership for the investment in associate is in the process of being finalised.

10.3 During the 1st quarter of 2025, one of the subsidiaries of the Group has acquired 20% equity interest in Spirit Health Care for Importing Medicines & Medical Supplies -WLL (“Investee”), an unquoted local company for a total consideration of KD 354,000 and it has been equity accounted as of 31 December 2025.

10.4 During 2nd and 3rd quarters of 2025, the Parent Company has acquired 54.05 % equity interest in Addax -BSC (Closed) (“Investee or Addax”), an unquoted foreign company from related parties for a total consideration of USD 10,836,771 (equivalent to KD3,330,983).

As per the management of the Group, although the Group owns a majority of the voting shares, it does not have control over Addax because under the terms of a management arrangement agreement entered into with a shareholder of the investee, the Group does not have full control over the entity, as the relevant activities are directed by that shareholder (who is also the CEO of Addax) who holds the primary decision-making authority.

Accordingly, management has concluded the Group does not have the power to direct the relevant activities of Addax and therefore does not control the investee as defined in IFRS 10 Consolidated Financial Statements.

However, the management of the Parent Company believes that the Group exercises significant influence over the above investee and accordingly has been classified as an associate as of 31 December 2025. The acquisition has resulted in a net bargain purchase of KD609,122 (being the excess of group’s share of net fair value of the associate’s identifiable adjusted assets and liabilities over the cost of investment) which has been recorded as gain on bargain purchase in the consolidated profit and loss account during the year ended 31 December 2025. The associate is accounted using the equity method in these consolidated financial statements.

Summarised financial information at acquisition and the related provisional gain on acquisition in respect of the Group’s associate is set out below:

	KD
Non-current assets	6,832,515
Currents assets	478,710
Current liabilities	(18,013)
Fair value of identifiable net assets	7,293,212
Group’s share of the fair value of the identifiable net assets	3,940,105
Total purchase consideration for the investment	3,330,983
Gain on bargain purchase	609,122

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

The associate increased its capital by an amount of USD 9,300,000, and the Group's share of the increase totalled to USD 5,026,464 (equivalent to KD 1,536,657).

10.5 During the third quarter of 2025, upon completion of the conditions of the conditional share purchase agreement signed on 19 December 2024, the Group acquired 7.61% equity stake of National Medical Consumable Industries Company -KSCC for a net purchase consideration of KD 936,076. The Group classified this investment as an associate using the equity method due to its significant influence through its representation on the board of directors.

On 12 August 2025, the Group entered into a share sale and repurchase agreement with a related party, Dhahiyat Al-Khaleidiya Real Estate Company – WLL (the seller), whereby the Group purchased 7,175,064 shares in National Medical Consumable Industries Company – KSCC for a consideration of KD 2,009,018. Under the agreement, the seller retained the right to repurchase the shares within six months of the transaction date at the same price. Because the seller retained this repurchase option, the arrangement was accounted for as a share-secured financing transaction and classified as an amount due from repurchase agreements in the consolidated statement of financial position as of 30 September 2025.

On 20 October 2025, an agreement was signed to cancel the repurchase arrangement. As a result, the Group's ownership interest in National Medical Consumable Industries Company – KSCC increased to 24%. Following the cancellation, the shares subject to the repurchase agreement were reclassified from amounts due from repurchase agreements to investment in associates.

The associate is accounted using the equity method in these consolidated financial statements based on the audited consolidated financial statements as of 31 December 2025 (after incorporating the impact of the purchase price allocation).

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents the amounts presented in the unaudited consolidated financial statements of the associate (and not the Group's share of those amounts) adjusted for the impact of the purchase price allocation, where certain assets have been fair valued and certain intangible assets have been recognised.

	30 Sep. 2025 KD
Non-current assets	8,199,851
Currents assets	9,765,847
Non-current liabilities	(1,072,383)
Current liabilities	(1,238,138)
Fair value of identifiable net assets	15,655,177
Group's share of the fair value of the identifiable net assets	3,757,242
Total purchase consideration for the investment	2,945,094
Gain on bargain purchase*	812,148

*the above gain on bargain purchase has been resulted mainly on the recognition of the fair valuation of the intangible assets of the investee as of the acquisition date.

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at beginning of the year	5,531,967	4,937,540
Additions	8,186,734	300,000
Gain on bargain purchase of associates	1,421,270	-
Impairment loss on investment in associates	(54,889)	-
Share of results	1,741,732	294,427
Balance at the end of the year	16,826,814	5,531,967

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.7 Summarised financial information of Group's material associates are set out below:

	Addax -BSC (Closed)		National Medical Consumable Industries Company -KSCC		Eradat International Real Estate Company – KSCC	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets						
Current	7,647,216	-	10,546,635	-	647,776	54,779
Non-current	13,804,876	-	8,136,469	-	54,770,671	54,779,871
	21,452,092	-	18,683,104	-	55,418,447	54,834,650
Liabilities						
Current	3,766,804	-	1,665,419	-	40,908,133	40,893,681
Non-current	3,678,848	-	1,101,578	-	-	-
	7,445,652	-	2,766,997	-	40,908,133	40,893,681
Total equity	14,006,440	-	15,916,107	-	14,510,314	13,940,969
Non-controlling interests	(1,100,356)	-	-	-	-	-
Equity attributable to the owners of the associates	12,906,084	-	15,916,107	-	14,510,314	13,940,969
Group share of net assets	7,022,485	-	3,819,865	-	5,445,639	5,231,967
Carrying amount	7,022,485	-	3,819,865	-	5,445,639	5,231,967
Revenue	7,736,698	-	3,782,690	-	4,776,477	4,897,612
Profit for the year / period	2,952,487	-	260,931	-	569,345	784,523
Group's share of results	1,545,723	-	62,623	-	213,672	294,427

The revenue and profit for the period for the newly acquired associates relate only to the post-acquisition period.

The remaining associates are considered immaterial to the Group.

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.8 Set out below is the aggregate information for the individually immaterial associates.

	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets	1,929,979	1,183,436
Liabilities	1,475,855	907,460
Net assets	454,124	275,976
Group's share of net assets	90,825	55,196
Goodwill	502,889	244,804
Impairment loss on investment in associates	(54,889)	-
Carrying amount	538,825	300,000
Revenue	1,297,226	-
Loss for the year	(401,429)	-
Group's share of results	(80,286)	-

11 Financial assets at fair value through profit or loss

	31 Dec. 2025 KD	31 Dec. 2024 KD
Managed portfolios (unquoted shares)	214,099	308,555
Quoted securities	13,290	10,617
	227,389	319,172

Managed portfolios with a carrying value of KD 214,099 (31 December 2024: KD 308,555) are managed by a related party.

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 21.2.

12 Accounts receivable and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets:		
Trade receivables	-	279,601
Other receivables	6,960	9,315
Staff receivables	1,100	55,564
Refundable deposits	23,675	23,675
Due from associate company (Note 17)	72,842	70,038
	104,577	438,193

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets (continued)

	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-financial assets		
Advance payment to purchase properties (a)	813,310	813,310
Advance payment to acquire an investment in an associate (b)	-	354,000
Advance payment to suppliers	7,700	14,158
Prepaid expenses	2,755	7,225
	823,765	1,188,693
Less: Provision for impairment of advance payments (a)	(813,310)	(813,310)
	10,455	375,383
	115,032	813,576

a) During 2005 and 2006, the Group paid amounts to an individual to purchase a land in Dubai, UAE. However, during 2014, the Group signed an agreement with a real estate developer to replace the land with 9 units under development in Dubai – United Arab Emirates. However, the ownership of these units were not transferred in the name of the Group. Due to the delay in transferring the ownership of the units into the Group's name, management of the Group recognised a provision of KD513,310 against the advance payment in previous years.

On 15 December 2019, the real estate developer communicated in writing to the Group's management informing that they do not have in their records any proof of the Group's ownership to those units, and, accordingly the Board of Directors of the Parent Company decided in their meeting held on 22 December 2020 to fully provide for the remaining balance. The Group is currently consulting with its legal advisors to file a legal case to recover this amount.

b) During the 4th quarter of 2024, one of the subsidiaries of the Group has invested an amount of KD354,000 to acquire 20% equity stake in a local limited liability company. During the 1st quarter of 2025, the formalities to finalise the purchase transactions were completed and the investment has been classified as investment in associate (note 10).

13 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash and bank balances	764,121	240,488
Cash in portfolios (a)	65,638	66,504
Short term bank deposits (b)	3,000,000	1,000,000
Cash and cash equivalents for the purpose of the consolidated statement of financial position	3,829,759	1,306,992
Less: pledged deposit	-	(1,000,000)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	3,829,759	306,992

a) Cash in portfolios are placed with and managed by a related party (Notes 17).

b) Short term deposits are placed with local banks and mature within one year and carry effective interest rate ranging from 4% to 4.1% (2024: 4%) per annum. Term deposit with a value of KD Nil (31 December 2024: KD1,000,000) is pledged against short-term borrowings (refer to note 24).

Notes to the consolidated financial statements (continued)

14 Share capital

	Authorised	Issued	Paid up
31 December 2025			
Shares of 100 Fils each	220,500,000	220,500,000	220,500,000
31 December 2024			
Shares of 100 Fils each	105,000,000	105,000,000	105,000,000

At the Extraordinary General Assembly held on 15 May 2025, the shareholders approved an increase in the Company's authorized, issued, and fully paid-up share capital from KD10,500,000 to KD22,050,000, representing an increase of KD 11,550,000. The capital increase was implemented through the following:

- Issuance of bonus shares at a rate of 5%, totaling KD 525,000, distributed over 5,250,000 shares with a nominal value of 100 fils per share.
- Cash capital increase through the issuance of 110,250,000 new shares at a nominal value of 100 fils per share, without a share premium, totaling KD 11,025,000. This represents a 100% capital increase following the inclusion of the above-mentioned bonus shares.

During the current year, the Parent Company's share capital increased by KD525,000 as a result of issuance of bonus shares (note 18). The share capital increase was registered in the commercial register on 26 May 2025.

Following approval of the Capital Markets Authority (CMA), the Parent Company's issued capital was increased to KD11,025,000 and registered in the commercial register of the Ministry of Commerce on 27 July 2025. The capital increase was fully subscribed and on 20 July 2025.

15 Reserves

Legal reserve

In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to legal reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

Distribution of the legal 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 distribution of a dividend of that amount.

Voluntary reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, up to 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to the voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in the year when the Group has incurred a loss or where accumulated losses exist.

Notes to the consolidated financial statements (continued)

16 Accounts payable and other liabilities

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade payable	-	192,007
Provision for NLST, Zakat, KFAS and directors' remuneration	113,967	57,698
Accrued expenses	169,203	7,150
	283,170	256,855

17 Related parties transactions and balances

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Amounts included in the consolidated statement of financial position:		
Financial assets at fair value through profit or loss (managed by related party)	214,099	308,555
Cash and cash equivalents	65,638	66,504
Due from associate company	72,842	70,038
Transactions with related parties:		
Acquisition of investment in associates (note 10)	5,340,001	-
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Transactions included in the consolidated statement of profit or loss and other comprehensive income:		
Portfolio management fees – included within general, administrative and other expenses	1,255	429
Rent expenses – included within general, administrative and other expenses	152,000	-
Management fees – from associate*	276,188	274,024
Other income – from associate	12,000	12,000
Gain on bargain purchase of associates related to acquisition of associates from related parties (note 10)	1,165,524	-
Compensation of key management personnel:		
Salaries and short-term benefits	197,084	124,425
Remuneration for members of the committees	19,850	18,300
End of service benefits	6,515	6,515
Board of directors' remuneration	30,000	12,500

*The Group signed a management agreement with the associate company to manage all activities of this company.

Notes to the consolidated financial statements (continued)

17 Related parties transactions and balances (continued)

As explained in note 6.1 to the consolidated financial statements, during December 2023, the group had entered into an agreement with a related party, where the related party will invest in a real estate development project with the Group for a stake in a subsidiary (Refer notes 6.1 & 9)

The Group's investments at fair value through profit or loss with a carrying value of KD 214,099 (31 December 2024: KD308,555) (refer note 11) and cash and cash equivalents include an amount KD 65,638 (31 December 2024: KD66,504) (refer note 13) which are managed/held by a related party.

18 Dividend distribution and annual General Assembly

The Board of Directors of the Parent Company proposed to issue 5% bonus shares (2024: 5%) on outstanding shares as at 31 December 2025 and to pay a remuneration of KD 30,000 to the board of directors' for the year ended 31 December 2025. This proposal is subject to the approval of the general assembly of the shareholders.

At the Annual General Assembly of the Parent company held on 20 April 2025, the shareholders approved the consolidated financial statements for the year ended 31 December 2024 and the board of directors' proposal to issue 5% bonus shares, not to distribute any cash dividends and to pay a remuneration of KD12,500 to the board of directors for the year ended 31 December 2024.

The approved bonus share issuance will result in an increase in the number of issued and fully paid-up shares by 5,250,000 (2024: 5,000,000 shares), and an increase in the share capital by KD 525,000 (2024: KD 500,000).

The amendment to the Company's Articles of Association to reflect the increase in share capital resulting from the bonus share issuance was subsequently approved at the Extraordinary General Assembly held on 15 May 2025.

Notes to the interim condensed consolidated financial information (continued)

19 Segmental analysis

The Group operates its activities in real estate, investment and ready mixed concrete production segments. The following is the segments information, which conforms with the internal reporting presented to management:

	Investments		Real estate		Ready mixed concrete production		Unallocated		Total	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Year ended:										
Segment revenue (continuing operations)	3,126,977	920,111	-	251,646	-	-	328,203	301,736	3,455,180	1,473,493
Segment revenue (discontinued operations)	-	-	-	-	789,348	450,373	-	-	789,348	450,373
(Deduct)/Add:										
Change in fair value of investment properties									-	(251,646)
Net loss / (profit) from financial assets at FVTPL									91,783	(42,891)
Share of results of associates									(1,741,732)	(294,427)
Gain on bargain purchase of associates									(1,421,270)	-
Gain on acquisition of subsidiary									-	(516,159)
Management fees									(276,188)	(274,024)
Interest and other income									(107,773)	(94,346)
Revenue from sales and customer contracts as per consolidated statement of profit or loss									789,348	450,373
Segment results (continuing operations)	3,125,722	919,682	(5,985)	248,585	-	-	328,203	301,736	3,447,940	1,470,003
Segment results (discontinued operations)	-	-	-	-	216,847	119,699	-	-	216,847	119,699
Unallocated expenses									(1,646,950)	(562,204)
Profit for the year as per consolidated statement of profit or loss									2,017,837	1,027,498
Depreciation	-	-	-	-	24,300	15,001	14,734	13,161	39,034	28,162
Total assets	21,009,300	7,604,110	2,328,116	2,348,695	1,828,062	1,932,401	339,532	322,692	25,505,010	12,207,898
Total liabilities	-	-	-	-	328,062	274,814	379,493	138,707	707,555	413,521
Net assets	21,009,300	7,604,110	2,328,116	2,348,695	1,500,000	1,657,587	(39,961)	183,985	24,797,455	11,794,377

Notes to the consolidated financial statements (continued)

20 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: e.g. market risk, credit risk and liquidity risk.

The board of director's policies for reducing each of the risks are discussed below.

The Group does not use derivative financial instruments based on future speculations.

The most significant financial risks to which the Group is exposed to are described below.

20.1 Market risk

(a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at the reporting date the Group does not have any significant exposure to foreign currency denominated monetary assets or monetary liabilities and therefore, the Group is not exposed to any significant foreign currency risks.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. the Group is not significantly exposed to interest rate risks.

(c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its price issuer or factors affecting all instruments, traded in the market. The Group is not exposed to any significant price risks as of 31 December 2025 as majority of the Group's investments are unquoted.

20.2 Credit risk

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

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through profit or loss (Managed portfolios)	214,099	308,555
Accounts receivable and other assets (note 12)	104,577	438,193
Cash and cash equivalents	3,829,759	1,306,992
	4,148,435	2,053,740

The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances is considered negligible, since the counterparties are financial institution with high credit quality.

Notes to the consolidated financial statements (continued)

20 Risk management objectives and policies

20.3 Liquidity risk

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

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities is as follows:

	1 - 3 months KD	3 - 12 months KD	Total KD
31 December 2025			
Liabilities			
Accounts payable and other liabilities	282,420	750	283,170
	282,420	750	283,170
31 December 2024			
Liabilities			
Accounts payable and other liabilities	256,105	750	256,855
	256,105	750	256,855

20.4 Geographical Concentration

The Groups financials assets are primarily located in Kuwait.

21 Fair value measurement

21.1 Fair value hierarchy

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

Financial assets and financial liabilities measured at fair value in the 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).

Notes to the consolidated financial statements (continued)

21 Fair value measurement (continued)

21.2 Fair value measurement of financial instruments

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

	31 Dec. 2025 KD	31 Dec 2024 KD
Financial assets:		
At amortised cost:		
Cash and cash equivalents	3,829,759	1,306,992
Fixed deposit	-	50,000
Accounts receivable and other assets (note 12)	104,577	438,193
At fair value:		
Financial assets at fair value through profit or loss	227,389	319,172
Financial assets at fair value through other comprehensive income	125,338	107,115
	4,287,063	2,221,472
Financial liabilities:		
At amortised cost:		
Accounts payable and other liabilities	283,170	256,855
	283,170	256,855

Management considers that the carrying amounts of 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 and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2025

		Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2025					
At FVTPL:					
Foreign quoted securities	a	13,290	-	-	13,290
Managed portfolios	c	-	-	214,099	214,099
At FVTOCI:					
- Unquoted securities		-	-	125,338	125,338
		13,290	-	339,437	352,727
31 December 2024					
At FVTPL:					
Foreign quoted securities	a	10,617	-	-	10,617
Managed portfolios	c	-	-	308,555	308,555
At FVTOCI:					
- Unquoted securities		-	-	107,115	107,115
		10,617	-	415,670	426,287

There have been no transfers between levels 1 and 3 during the reporting period.

Notes to the consolidated financial statements (continued)

21 Fair value measurement (continued)

21.2 Fair value measurement of financial instruments (continued)

Measurement at fair value

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

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

Financial instruments in level 1

a) Foreign & local quoted securities

All quoted equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted equity participations (Level 3)

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or observable market prices or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Local and international managed portfolios (level 1 & 3)

The underlying investments of local & international managed portfolios represent quoted and unquoted securities. Quoted securities are valued as noted in a) above. Unquoted investments are valued based on fund managers’ report and adjusted for illiquidity where required or where information is available fair value is estimated by an appropriate valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

Level 3 fair value measurements

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

	31 Dec. 2025 KD	31 Dec 2024 KD
Opening balance	415,670	325,641
Additions	-	66,250
Gains or losses recognised in:		
-Profit or loss	(94,456)	49,164
-Other comprehensive income	18,223	(25,385)
Closing balance	339,437	415,670

Notes to the consolidated financial statements (continued)

21 Fair value measurement (continued)

21.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

The following table provides information about the sensitivity of the fair values measurement to changes in the most significant unobservable inputs:

31 December 2025

Financial asset	Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Unquoted Equity participations classified under managed portfolios	Market multiples	Discount for lack of marketability	30% % (2024: 30%)	Higher the discount rate, lower the value

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in the consolidated statement of profit or loss, total assets or total liabilities or total equity.

21.3 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2025 and 31 December 2024:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2025				
Investment properties:				
Leased properties in UAE	-	-	2,328,116	2,328,116
	-	-	2,328,116	2,328,116
31 December 2024				
Investment properties:				
Leased properties in UAE	-	-	2,348,695	2,348,695
	-	-	2,348,695	2,348,695

31 December 2025

Leased properties in UAE

The land was evaluated by an authorized independent valuer in the United Arab Emirates and the value amounted to AED28,000,000 (equivalent to KD2,328,116) as at 31 December 2025 (2024 : AED28,000,000 {equivalent to KD2,348,695}), and this value was determined by the valuer on the assumption that the BOT period will be renewed for an equal term of 30 years on its expiry (which is after 15 years on 8 September 2039). In order to arrive at the market value of the property, the valuer has considered the comparable method of valuation, which involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up area allowance, height allowance, date of sale, potential views and other individual characteristics.

Notes to the consolidated financial statements (continued)

21 Fair value measurement (continued)

21.3 Fair value measurement of non-financial assets (continued)

Leased properties in UAE (continued)

Though transactional evidence provides the most accurate (when examined and extrapolated) means of assessing value, the Valuer has stated that there is a definitive lack of transparency within the current Dubai property market, and as such there is limited publicly reported comparable transactional evidence of land or building sales. The current lack of such evidence within Dubai means that the valuer assessed on a notional value basis, subject to professional opinion, with the potential inherent flaws that this may produce in the reported value. The valuer has valued in accordance with typical Concession Agreement terms, on the basis that the existing concession agreement can be transferred to any intending third party and that any Lessee may sub-lease the subject property together with any improvements erected thereon. In order to arrive at a value the valuer has analysed evidence of Leasehold land transactions in the United Arab Emirates and have analysed this evidence in comparison to that of similar Freehold Land in the UAE to derive a benchmark discount rate for Leasehold Land and this benchmark discount rate has been applied to the aforementioned comparable evidence to derive the subject property's Fair Value. In conclusion, taking into account the inherent characteristics and tenure of the subject property the valuer has used AED 300-400 per sq. ft (equivalent to KD 25 – 33 per sq. ft) (2024: AED 300-400 per sq. ft {equivalent to KD 25 – 34 per sq. ft}) to value the concession right land area.

Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land				
UAE	Market comparison approach	Estimated market price (per sq ft.)	KD 25 to KD 33 (2024: KD 25 to KD 34)	Higher the price per square meter, higher the fair value

The movement in these investments is shown under note 9.

22 Capital risk management

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

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and other variables including risks related to the Group 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.

23 Contingent liabilities

At the reporting date the Group had contingent liabilities with respect to outstanding bank guarantees amounting to KD 45,000 (2024: KD 45,000).

Notes to the consolidated financial statements (continued)

24 Short-term borrowings

During the year, the Group had utilised KD3,000,000 from a KD3,000,000 short term loan facility obtained from a local bank which matured on 15 August 2025 and carries interest rate of 2% above CBK discount rate.

The above borrowings were secured by investment in associate (refer to note 10.1) and short-term deposits (refer to note 13 b).

During the year, the Parent Company has fully settled and cancelled a credit facility agreement with the local bank.

25 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of treasury shares	200,000	-
Percentage of issued shares	0.09%	-
Market value (KD)	41,000	-
Cost (KD)	37,403	-

Reserves of the Parent Company equivalent to the cost of the treasury shares held are not available for distribution.

26 Comparative information

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net decrease in cash and cash equivalents, other than refer to (Note 6.2).

27 Subsequent events

Subsequent to the reporting date, geopolitical developments in the Middle East have continued to evolve, resulting in increased uncertainty and potential impacts on economic conditions and financial markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

Management acknowledges that the continuation of these conditions may require a reassessment of certain assumptions and estimates used in the valuation of certain assets, particularly investments measured using discounted cash flow models and investment properties, including assumptions relating to future cash flows, discount rates and impairment assessments. However, as at the date of approval of these consolidated financial statements, the financial impact cannot be reliably estimated. The Group continues to monitor the situation.