



**Grant Thornton**

Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

**Gulf Investment House - KPSC and Subsidiaries**

**Kuwait**

31 December 2025

## **Contents**

	<b>Page</b>
<b>Independent auditor's report</b>	<b>1 to 4</b>
<b>Consolidated statement of profit or loss</b>	<b>5</b>
<b>Consolidated statement of profit or loss and other comprehensive income</b>	<b>6</b>
<b>Consolidated statement of financial position</b>	<b>7 and 8</b>
<b>Consolidated statement of changes in equity</b>	<b>9 and 10</b>
<b>Consolidated statement of cash flows</b>	<b>11 and 12</b>
<b>Notes to the consolidated financial statements</b>	<b>13 to 54</b>

# Independent Auditor's Report

To the Shareholders of  
Gulf Investment House - KPSC  
Kuwait

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Gulf Investment House - KPSC (the "Parent Company") and its subsidiaries, (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the 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.

### 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.

#### *Investment in associates*

The Group's investment in associates are accounted for under the equity method of accounting and represents 37% of the total assets. Under the equity method, the Group's investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of these investments, less any impairment. The complexity of the Group's control environment and our ability as Group auditor to obtain an appropriate level of understanding of these entities including any related party transactions were significant to our audit, including the determination of the recoverable amount in case there are indicators of impairment. Accordingly, we considered this as a key audit matter.

## **Independent Auditor's Report to the Shareholders of Gulf Investment House - KPSC (continued)**

### **Key Audit Matter (continued)**

#### ***Investment in associates (continued)***

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for associates and selecting significant associates based on the size and/or risk profile of these entities. Our procedures also included evaluating management's consideration of the impairment indicators, if any. In evaluating such consideration, we assessed whether any significant or prolonged decline in value exists, whether there are any significant adverse changes in the technological, market, economic or legal environment in which the associate operates, or structural changes in the field of industry in which the associate operates, or changes in the political or legal environment effecting the associate's business, and also whether there are any changes in the associate's financial condition. For associates where there were impairment indicators, we also reviewed management's assessment of the recoverable amount of the investment and assessed and challenged the appropriateness of estimates, assumptions and valuation methodology used. We also assessed the adequacy of the Group's disclosures in Note 11 to the consolidated financial statements.

#### **Other Information**

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.

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

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

## **Independent Auditor's Report to the Shareholders of Gulf Investment House - KPSC (continued)**

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and 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.

## **Independent Auditor's Report to the Shareholders of Gulf Investment House - KPSC (continued)**

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

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, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority ("CMA") and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.



Sara A. Al-Aiban  
(Licence No. 288-A)  
of Grant Thornton - Al-Qatami, Al-Aiban & Partners

Kuwait  
30 March 2026

## Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>INCOME</b>			
Revenue from sales and services		8,945,057	7,986,531
Cost of revenue		(5,369,379)	(5,095,494)
<b>Gross profit</b>		<b>3,575,678</b>	<b>2,891,037</b>
Net change in fair value of financial assets at FVTPL		500,470	(438,619)
Net realised gain on financial assets at FVTPL		733,538	957,437
Share of results of associates	11	978,801	1,074,505
Gain on bargain purchase of associates	11	181,888	4,555,339
(Loss)/gain on deemed disposal of associates	11	(247,762)	772,250
Gain on disposal of investments in associates	11	128,896	-
Impairment reversal/(charge) for investment in associates	11	890,259	(1,388,318)
Net change in fair value of investment properties	10	28,523	(427,971)
Dividend income		215,312	379,177
Profit from term deposits		257,949	31,834
Rental income		82,550	-
Other income		135,608	124,021
		<b>7,461,710</b>	<b>8,530,692</b>
<b>EXPENSES AND OTHER CHARGES</b>			
Staff costs		(1,244,554)	(1,179,323)
General administrative and other expenses		(2,237,373)	(1,642,996)
Selling and distribution expenses		(1,333,321)	(857,145)
Provision charge for doubtful debts	14	(130,729)	(150,191)
Finance costs		(490,452)	(95,227)
Foreign exchange loss		(8,017)	(14,178)
		<b>(5,444,446)</b>	<b>(3,939,060)</b>
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat</b>		<b>2,017,264</b>	<b>4,591,632</b>
Provision for KFAS		(33,125)	(44,769)
Provision for NLST		(35,050)	(105,081)
Provision for Zakat		(39,002)	(46,637)
<b>Profit for the year</b>		<b>1,910,087</b>	<b>4,395,145</b>
<b>Attributable to:</b>			
Owners of the Parent Company		937,519	4,097,877
Non-controlling interests		972,568	297,268
		<b>1,910,087</b>	<b>4,395,145</b>
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company</b>	7	<b>2.34 Fils</b>	<b>10.23 Fils</b>

The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.

## Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit for the year	1,910,087	4,395,145
<b>Other comprehensive (loss)/income:</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising on translation of foreign operations	(278,192)	(43,601)
Foreign currency translation reserve transferred to profit or loss on disposal of associates	(19,611)	(572,034)
	<b>(297,803)</b>	<b>(615,635)</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Net change in fair value of financial assets at FVTOCI	(10,185)	(20,164)
Share of other comprehensive income of associates (note 11)	108,754	5,978
	<b>98,569</b>	<b>(14,186)</b>
<b>Total other comprehensive loss for the year</b>	<b>(199,234)</b>	<b>(629,821)</b>
<b>Total comprehensive income for the year</b>	<b>1,710,853</b>	<b>3,765,324</b>
<b>Attributable to:</b>		
Owners of the Parent Company	687,930	3,503,141
Non-controlling interests	1,022,923	262,183
	<b>1,710,853</b>	<b>3,765,324</b>

The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.

## Consolidated statement of financial position

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		356,017	356,017
Property, plant and equipment	8	5,402,186	3,785,185
Right of use of assets	9	2,660,104	2,635,980
Intangible assets		541,457	560,803
Investment properties	10	2,536,349	254,197
Investment in associates	11	25,860,882	31,792,118
Financial assets at fair value through other comprehensive income	12	6,275,797	3,430,373
Accounts receivable and other assets	14	-	2,073,865
		<b>43,632,792</b>	<b>44,888,538</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	10,009,094	3,462,077
Inventories		996,139	930,385
Accounts receivable and other assets	14	4,509,057	4,120,301
Term deposits	15	7,058,000	4,713,984
Cash and bank balances	15	3,502,310	6,183,110
		<b>26,074,600</b>	<b>19,409,857</b>
		<b>69,707,392</b>	<b>64,298,395</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	16	40,649,566	40,649,566
Treasury shares	17	(1,352,962)	(5,181,777)
Treasury shares reserve		1,278,645	1,087,075
Statutory reserve	18	980,398	875,928
Cumulative changes in fair value		210,316	(58,237)
Foreign currency translation reserve		(5,587)	293,492
Retained earnings		8,044,862	7,430,876
<b>Equity attributable to the owners of the Parent Company</b>		<b>49,805,238</b>	<b>45,096,923</b>
Non-controlling interests		7,604,501	6,886,448
<b>Total equity</b>		<b>57,409,739</b>	<b>51,983,371</b>

The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.

## Consolidated statement of financial position (continued)

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Non-current liabilities</b>			
Borrowings	19	5,744,727	6,079,900
Lease liabilities	9	2,344,000	2,406,217
Accounts payable and other liabilities	20	866,945	735,665
		<b>8,955,672</b>	<b>9,221,782</b>
<b>Current liabilities</b>			
Borrowings	19	1,042,526	820,100
Lease liabilities	9	427,077	290,294
Accounts payable and other liabilities	20	1,872,378	1,982,848
		<b>3,341,981</b>	<b>3,093,242</b>
<b>Total liabilities</b>		<b>12,297,653</b>	<b>12,315,024</b>
<b>Total liabilities and equity</b>		<b>69,707,392</b>	<b>64,298,395</b>

  
 Ali Mohammad Ali AlAnbeej  
 Vice Chairman

  
 Mohammad S. Al Ayoub  
 Chief Executive Officer

*The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.*

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## Consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							Non-controlling interests		Total
	Share Capital KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	KD	
Balance as at 1 January 2025	40,649,566	(5,181,777)	1,087,075	875,928	(58,237)	293,492	7,430,876	45,096,923	6,886,448	51,983,371
Arising on acquisition of a subsidiary (note 6)	-	-	-	-	-	-	-	-	2,289	2,289
Purchase of treasury shares	-	(2,779,579)	-	-	-	-	-	(2,779,579)	-	(2,779,579)
Sale of treasury shares	-	6,608,394	191,570	-	-	-	-	6,799,964	-	6,799,964
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(307,159)	(307,159)
<b>Transactions with owners</b>	-	<b>3,828,815</b>	<b>191,570</b>	-	-	-	-	<b>4,020,385</b>	<b>(304,870)</b>	<b>3,715,515</b>
Profit for the year	-	-	-	-	-	-	937,519	937,519	972,568	1,910,087
Total other comprehensive income/(loss) for the year	-	-	-	-	49,490	(299,079)	-	(249,589)	50,355	(199,234)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	<b>49,490</b>	<b>(299,079)</b>	<b>937,519</b>	<b>687,930</b>	<b>1,022,923</b>	<b>1,710,853</b>
Transfer to statutory reserve	-	-	-	104,470	-	-	(104,470)	-	-	-
Loss on sale of financial assets at FVTOCI	-	-	-	-	219,063	-	(219,063)	-	-	-
<b>Balance as at 31 December 2025</b>	<b>40,649,566</b>	<b>(1,352,962)</b>	<b>1,278,645</b>	<b>980,398</b>	<b>210,316</b>	<b>(5,587)</b>	<b>8,044,862</b>	<b>49,805,238</b>	<b>7,604,501</b>	<b>57,409,739</b>

The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company							Non-controlling interests		Total	
	Share capital KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD			
									KD		KD
<b>Balance as at 1 January 2024</b>	40,649,566	(1,237,521)	-	446,340	(228,847)	874,042	3,944,872	44,448,452	6,941,612	51,390,064	
Arising on acquisition of additional shares in subsidiary	-	-	-	-	-	-	2,511	2,511	(10,188)	(7,677)	
Purchase of treasury shares	-	(7,610,377)	-	-	-	-	-	(7,610,377)	-	(7,610,377)	
Sale of treasury shares	-	3,666,121	1,087,075	-	-	-	-	4,753,196	-	4,753,196	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(307,159)	(307,159)	
<b>Transaction with owners</b>	-	(3,944,256)	1,087,075	-	-	-	2,511	(2,854,670)	(317,347)	(3,172,017)	
Profit for the year	-	-	-	-	-	-	4,097,877	4,097,877	297,268	4,395,145	
Total other comprehensive loss for the year	-	-	-	-	(14,186)	(580,550)	-	(594,736)	(35,085)	(629,821)	
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	-	(14,186)	(580,550)	4,097,877	3,503,141	262,183	3,765,324	
Transfer to statutory reserve	-	-	-	429,588	-	-	(429,588)	-	-	-	
Loss on sale of financial assets at FVTOCI	-	-	-	-	184,796	-	(184,796)	-	-	-	
<b>Balance as at 31 December 2024</b>	40,649,566	(5,181,777)	1,087,075	875,928	(58,237)	293,492	7,430,876	45,096,923	6,886,448	51,983,371	

The notes set out on pages 13 to 54 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
<b>OPERATING ACTIVITIES</b>		
Profit before provisions for KFAS, NLST and Zakat	2,017,264	4,591,632
<b>Adjustments:</b>		
Depreciation and amortisation	1,185,790	894,744
Loss on disposal of property, plant and equipment	1,176	23,960
Share of results of associates	(978,801)	(1,074,505)
Gain on bargain purchase of associates	(181,888)	(4,555,339)
Loss/(gain) on deemed disposal of associates	247,762	(772,250)
Gain on disposal of investments in associates	(128,896)	-
Impairment (reversal)/charge for investment in associates	(890,259)	1,388,318
Net change in fair value of investment properties	(28,523)	427,971
Finance costs	490,452	95,227
Dividend income	(215,312)	(379,177)
Profit from term deposits	(257,949)	(31,834)
Provision charge for doubtful debts	130,729	150,191
Provision charge for employees' end of service benefits	169,909	152,178
	<b>1,561,454</b>	<b>911,116</b>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at FVTPL	(6,547,017)	(335,317)
Inventories	(61,305)	30,524
Accounts receivable and other assets	(553,618)	(355,128)
Accounts payable and other liabilities	(89,861)	2,228,181
Employees' end of service benefits paid	(38,629)	(57,361)
KFAS, NLST & Zakat paid	(193,697)	(56,645)
<b>Net cash (used in)/from operating activities</b>	<b>(5,922,673)</b>	<b>2,365,370</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(2,222,462)	(946,655)
Additions to investment properties	(314,842)	-
Advance payments for investment properties	-	(2,066,037)
Additions to investment in associates	(93,788)	(7,463,063)
Proceeds from disposal of associates	1,713,163	7,155,039
Net cash flow from acquisition of subsidiary	19,723	(239,781)
Purchase of financial assets at FVTOCI	(310,217)	(10,259)
Proceeds from sale of financial assets at FVTOCI	2,590,861	-
Decrease/(increase) in term deposits with contractual maturity exceeding three months	210,904	(560,853)
Dividend received from associates	983,607	279,826
Dividend income received	215,312	370,727
Profit received from term deposits	249,857	31,834
<b>Net cash from/(used in) investing activities</b>	<b>3,042,118</b>	<b>(3,449,222)</b>

The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(2,779,579)	(7,610,377)
Proceeds from sale of treasury shares		6,799,964	4,753,196
Dividend paid to non-controlling interests		(307,159)	(307,535)
Lease liabilities paid		(355,352)	(300,024)
Proceeds from borrowings		707,353	6,900,000
Repayment of borrowings		(820,100)	-
Finance costs paid		(490,452)	(95,227)
Movement in restricted bank accounts		268	5,651
<b>Net cash from financing activities</b>		<b>2,754,943</b>	<b>3,345,684</b>
Net (decrease)/increase in cash and cash equivalents		(125,612)	2,261,832
Cash and cash equivalents at beginning of the year	15	6,086,830	3,824,998
<b>Cash and cash equivalents at end of the year</b>	<b>15</b>	<b>5,961,218</b>	<b>6,086,830</b>
<b>Material non-cash transactions:</b>			
Investment in subsidiaries	6	208,177	-
Investment properties	10	1,959,736	-
Financial assets at FVTOCI	12	5,115,883	3,440,000
Financial assets at FVTPL		-	(7,852,854)
Investments in associate	11	(5,383,256)	5,185,104
Accounts receivable and other assets	14	(2,167,913)	-

*The notes set out on pages 13 to 54 form an integral part of these consolidated financial statements.*

# Notes to the consolidated financial statements

## 1 Incorporation and activities

Gulf Investment House - KPSC (the “Parent Company”) was incorporated in Kuwait on 8 September 1998 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law. The Parent Company’s shares are listed on the Boursa Kuwait and Abu Dhabi Securities Exchange.

The Parent Company is a subsidiary of GIH Financing Limited (the “Ultimate Parent Company”), a company located in Cayman Islands.

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are conducted in accordance with the principles of Islamic Shari’a as approved by the Group’s Fatwa and Shari’a Supervisory Board.

The Group comprises the Parent Company and its subsidiaries (Note 6).

The Parent Company’s registered head office is at Jawharat Al Khaleej Complex, Al Qibla, Block 6, Fahad Al Salem Street, Floor 8, PO Box 28808, 13149 Safat, Kuwait.

These consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the board of directors of the Parent Company on 30 March 2026 and are subject to the approval of the general assembly of the shareholders. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

## 2 Statement of compliance 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”).

These consolidated financial statements have been prepared under the assumption that 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 year.

<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.

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

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

##### IAS 21 Amendments - Lack of exchangeability (continued)

- 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 IFRS Accounting 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 have a material impact on the Group's consolidated financial statements.

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

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

#### 3.2 IFRS Accounting Standards issued but not yet effective (continued)

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

- 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

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.

##### IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

##### Annual Improvements to IFRS Accounting Standards - volume 11

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

## Notes to the consolidated financial statements (continued)

### 3 Changes in accounting policies (continued)

#### 3.2 IFRS Accounting Standards issued but not yet effective (continued)

##### Annual Improvements to IFRS Accounting Standards - volume 11 (continued)

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 have been prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which are 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 comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

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.

During the year, the Group changed the presentation of its consolidated statement of financial position from a liquidity-based classification to a current/non-current classification, as management considers this provides more relevant information to users of the consolidated financial statements. Comparative information has been re-presented accordingly. The classification is consistent with information previously disclosed in the notes to the consolidated financial statements of the prior year. This change affects presentation only and has no impact on the recognition, measurement or carrying amounts of assets and liabilities.

Certain comparative figures have been reclassified to be consistent with the presentation of the consolidated financial statements for the current year. This reclassification did not have any impact on the total assets, total liabilities, total equity or results for the comparative year.

#### 4.2 Basis of consolidation

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between the Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between the Group companies. 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.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, 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.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

#### 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 the 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.4 Goodwill

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### 4.5 Investment in associates

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

The Group's investment in associates is accounted for using the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate.

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

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. Changes in the Group's share in associate's equity are recognised in the consolidated statement of changes in equity.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.5 Investment in associates (continued)

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

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

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.

#### 4.6 Revenue

The Group recognises revenue from the following major sources:

- Sale of goods
- Rendering of services

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.

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 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 statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

##### 4.6.1 Sale of goods

Revenue is recognised when the Group transfers control of the assets to the customers including paper related products and snack products, which is usually at the point in time the customer takes undisputed delivery of the goods.

##### 4.6.2 Rendering of services

The Group earns service income from various services provided to its customers such as entertainment activities, advertising and marketing services. Service income is recognised on a time and material basis as the services are provided.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.7 Rental income

Rental income is recognised on a straight-line basis over the lease term.

#### 4.8 Dividend income

Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

#### 4.9 Interest income on financial assets

Interest income is recognised on an accrual basis using the effective interest method.

#### 4.10 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.

#### 4.11 Finance costs

Finance costs are recognised on a time proportion basis taking into account the outstanding balance of borrowing payable and applicable profit rate.

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

#### 4.12 Taxation

##### 4.12.1 *Kuwait Foundation for the Advancement of Sciences (KFAS)*

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

##### 4.12.2 *National Labour Support Tax (NLST)*

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the Parent Company. As per law, income from associates and subsidiaries, direct cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

##### 4.12.3 *Zakat*

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the shareholders of the Parent Company in accordance with Law No. (46) of 2006.

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

#### 4.13 Segment reporting

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

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.13 Segment reporting (continued)

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.

#### 4.14 Property, plant and equipment

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

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

The following useful lives are applied:

- Buildings 10 years
- Tools and equipment 3 - 11 years
- Furniture, fixtures and decoration 5 years
- Computers 3 - 5 years
- Vehicles 5 - 6 years

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

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

#### 4.15 Leased assets

##### *The Group as a lessee*

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
- 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.15 Leased assets (continued)

*The Group as a lessee (continued)*

*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 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.

*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.

*The Group as a lessor*

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right of use of asset arising from the head-lease.

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

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

#### 4.16 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.16 Intangible assets (continued)

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

#### *Leasehold right*

Leasehold right acquired is measured on initial recognition at cost. Following initial recognition, leasehold rights are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Leasehold right is amortised over their useful economic life (20 years) and assessed for impairment whenever there is an indication that the leasehold right may be impaired. The amortisation period and the amortisation method for leasehold right is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on leasehold rights is recognised in the consolidated statement of profit or loss.

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

#### 4.17 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, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property.

Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.17 Investment properties (continued)

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within “change in fair value of investment properties” and “gain/loss on sale of investment properties”. 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 and equipment up to the date of change in use.

#### 4.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the cost formula. For other items of inventory, cost is calculated using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

#### 4.19 Impairment testing of goodwill and non-financial assets

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

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

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.20 Financial instruments

##### 4.20.1 Recognition, initial measurement and derecognition

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

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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.

##### 4.20.2 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 (FVOCI)
- 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.20 Financial instruments (continued)

##### 4.20.3 Subsequent measurement of financial assets

###### a) Financial assets at amortised cost

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

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

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

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

###### - *Accounts receivable and other assets*

Accounts receivable and other assets are stated at original invoice 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.

###### - *Cash, bank balances and term deposits*

Cash and cash equivalents comprise cash on hand, cash held in managed portfolios, bank balances and term deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits placed with financial institutions with a maturity of three months to one year are classified as term deposits.

###### b) Financial assets at FVTOCI

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

###### - *Investment in equity instruments*

The equity instruments represent 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 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.20 Financial instruments (continued)

##### 4.20.3 Subsequent measurement of financial assets (continued)

##### b) Financial assets at FVTOCI (continued)

###### *Equity investments at FVTOCI (continued)*

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.

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.

##### c) 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 of the investment in equity shares and debt securities.

##### 4.20.4 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 FVTOCI.

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

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.20 Financial instruments (continued)

##### 4.20.4 Impairment of financial assets (continued)

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 the probability of 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.

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

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

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

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

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

##### 4.20.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings from financial institutions and accounts payable and other liabilities.

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

##### a) Financial liabilities at amortised cost

These are stated using effective interest rate method. Accounts payable and other liabilities, due to a related party and borrowings from financial institutions are classified as financial liabilities other than at FVTPL.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.20 Financial instruments (continued)

##### 4.20.5 Classification and subsequent measurement of financial liabilities (continued)

##### a) Financial liabilities at amortised cost (continued)

##### - Borrowings:

- *Murabaha payables*

Murabaha payables represent amount payable on deferred settlement basis for assets purchases under murabaha arrangements. Murabaha payable are stated at the total amount payable, less deferred finance costs. Deferred finance cost is expensed on a time apportionment basis taking account of the borrowing rate attributable and the balance outstanding. All the profit-related charges are included within finance costs.

- *Istisna'a facility*

Istisna'a facility represents amounts due under Istisna'a Islamic financing arrangements for the construction or acquisition of assets, whereby a financier funds the manufacturing or construction of an asset and transfers it to the Company upon completion, with settlement on a deferred payment basis. Istisna'a payables are recognised at the total contracted amount payable less unearned finance costs, with the difference representing deferred finance costs. These costs are amortised over the term of the facility using the effective profit rate method, reflecting a constant periodic rate of return on the outstanding balance, and all profit-related charges are recognised within finance costs.

##### - *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 by the supplier or not

#### 4.21 Amortised cost of financial instruments

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

#### 4.22 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.

#### 4.23 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 marketplace.

#### 4.24 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.25 Equity, reserves and dividend payments

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

Statutory reserve comprises appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Memorandum of Incorporation and Articles of Association.

Foreign currency translation reserve comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries and associates into Kuwaiti Dinar (KD).

Fair value reserve comprises gains and losses relating to financial assets at fair value through other comprehensive income and share of associates' fair value reserve.

Retained earnings include all current and prior period retained profits.

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

#### 4.26 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 statutory 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.

#### 4.27 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.

Contingent assets are not recognised in the consolidated statement of financial position, 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.

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policy information (continued)

#### 4.28 Foreign currency translation

##### *4.28.1 Functional and presentation currency*

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.

##### *4.28.2 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.

##### *4.28.3 Foreign operations*

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

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

#### 4.29 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts.

The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

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

#### 4.30 Related party transactions

Related parties represent subsidiaries, associates, major shareholders, board of directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out with the approval of the Group's management.

#### 4.31 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires and 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.

## 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. 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 property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development.

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

##### 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.

#### 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 Useful lives of depreciable assets

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

##### 5.2.2 Impairment of right of use assets

At the financial position date, the Group management determines whether there is any indication of impairment of right of use assets. In estimating the recoverable amount of the right of use assets, management makes assumptions about the achievable market rates for similar properties with similar lease terms.

## Notes to the consolidated financial statements (continued)

### 5 Significant management judgements and estimation uncertainty (continued)

#### 5.2 Estimates uncertainty (continued)

##### 5.2.2 Impairment of right of use assets (continued)

This method uses estimated cash flow projections over the lease term of the assets. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered through the sub-lease of the property may need to be revised in the future years.

##### 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 value as at 31 December 2025 and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of the 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 associates

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

##### 5.2.5 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. 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.

##### 5.2.6 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.

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.

##### 5.2.7 Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

## Notes to the consolidated financial statements (continued)

### 5 Significant management judgements and estimation uncertainty (continued)

#### 5.2 Estimates uncertainty (continued)

##### 5.2.7 Impairment of inventories (continued)

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

##### 5.2.8 Significant influence

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

### 6 Subsidiaries

#### 6.1 Details of the Group's subsidiaries are set out below:

Name of subsidiary	Ownership percentage		Country of incorporation	Principal activities
	31 Dec. 2025 %	31 Dec. 2024 %		
Afkar Holding Company - KSC (Holding)	60.37	60.37	Kuwait	Investments and related activities
Bait Al-Amar Al-Khaleeji General Trading and Contracting Company - SPC	100.00	100.00	Kuwait	Real estate and entertainment activities
India Diversified Company	90.00	90.00	Cayman Islands	Islamic investments
Mamco Kafe Gida Ticaret Anonim Sirketi (6.2)	90.00	-	Turkey	Food and beverage

#### 6.2 Acquisition of a subsidiary

During the year, the Group acquired a 90% ownership interest in Mamco Kafe Gida Ticaret Anonim Sirketi, a company incorporated in Turkey and engaged in food and beverage activities. The total consideration for the acquisition amounted to KD208,177 which was included under accounts receivable and other assets as at 31 December 2024 and reclassified as an investment upon completion of the acquisition.

The acquisition did not result in any goodwill or bargain purchase.

The results of the subsidiary have been consolidated in the Group's consolidated statement of profit or loss from the date of acquisition. Accordingly, the subsidiary contributed revenue and loss of KD54,961 and KD70,492 to the results of the Group, respectively.

## Notes to the consolidated financial statements (continued)

### 6 Subsidiaries (continued)

#### 6.3 Subsidiaries with material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by the NCI		Profit allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD	KD	KD	KD
Afkar Holding Company - KSC (Holding)	39.63	39.63	973,032	289,429	7,736,432	7,020,729
Individually immaterial subsidiaries with non-controlling interests			(464)	7,839	(131,931)	(134,281)
			972,568	297,268	7,604,501	6,886,448

Summarised financial information of the above subsidiary, before intra-group eliminations, is presented below:

	Afkar Holding Company - KSC (Holding)	
	31 Dec. 2025	31 Dec. 2024
	KD	KD
Non-current assets	9,749,913	8,188,425
Current assets	11,902,087	10,986,846
<b>Total assets</b>	<b>21,652,000</b>	<b>19,175,271</b>
Non-current liabilities	983,956	-
Current liabilities	1,148,101	1,461,133
<b>Total liabilities</b>	<b>2,132,057</b>	<b>1,461,133</b>
<b>Net assets</b>	<b>19,519,943</b>	<b>17,714,138</b>
	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD	KD
Total revenue	7,778,244	7,146,323
Expenses and other charges	(5,323,168)	(6,416,060)
<b>Profit for the year</b>	<b>2,455,076</b>	<b>730,263</b>
Net cash flows from operating activities	548,305	523,191
Net cash flows used in investing activities	(872,213)	(488,586)
Net cash flows used in financing activities	(67,647)	(775,000)
<b>Net cash outflows</b>	<b>(391,555)</b>	<b>(740,395)</b>

## Notes to the consolidated financial statements (continued)

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

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

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the owners of the Parent Company (KD)	937,519	4,097,877
Weighted average number of shares outstanding during the year (excluding treasury shares)	399,886,335	400,625,951
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company</b>	<b>2.34 Fils</b>	<b>10.23 Fils</b>

## Notes to the consolidated financial statements (continued)

### 8 Property, plant and equipment

	Buildings KD	Tools and equipment KD	Furniture, fixtures and decorations KD	Computers KD	Vehicles KD	Project under progress KD	Total KD
<b>31 December 2025</b>							
<b>Cost</b>							
At 1 January 2025	1,550,755	1,767,898	1,319,016	378,257	637,402	626,598	6,279,926
Transfer from project under progress	7,710	-	-	-	-	(7,710)	-
Arising on acquisition of subsidiary	-	36,170	133,097	5,580	-	-	174,847
Additions	24,595	487,214	528,796	65,290	98,698	1,017,869	2,222,462
Disposals	-	-	-	-	(32,861)	-	(32,861)
Foreign currency translation	-	(3,692)	(13,517)	(569)	-	-	(17,778)
<b>At 31 December 2025</b>	<b>1,583,060</b>	<b>2,287,590</b>	<b>1,967,392</b>	<b>448,558</b>	<b>703,239</b>	<b>1,636,757</b>	<b>8,626,596</b>
<b>Accumulated depreciation</b>							
At 1 January 2025	427,406	932,016	464,068	307,149	364,102	-	2,494,741
Arising on acquisition of subsidiary	-	-	491	-	-	-	491
Charge for the year	102,672	256,052	321,174	26,458	54,294	-	760,650
Related to disposals	-	-	-	-	(31,685)	-	(31,685)
Foreign currency translation	-	55	150	8	-	-	213
<b>At 31 December 2025</b>	<b>530,078</b>	<b>1,188,123</b>	<b>785,883</b>	<b>333,615</b>	<b>386,711</b>	<b>-</b>	<b>3,224,410</b>
<b>Net book value at 31 December 2025</b>	<b>1,052,982</b>	<b>1,099,467</b>	<b>1,181,509</b>	<b>114,943</b>	<b>316,528</b>	<b>1,636,757</b>	<b>5,402,186</b>

## Notes to the consolidated financial statements (continued)

### 8 Property, plant and equipment (continued)

	Buildings KD	Tools and equipment KD	Furniture, fixtures and decorations KD	Computers KD	Vehicles KD	Project under progress KD	Total KD
<b>31 December 2024</b>							
<b>Cost</b>							
At 1 January 2024	1,316,138	1,270,843	954,599	358,649	400,915	853,248	5,154,392
Transfer from project under progress	154,163	165,770	-	-	-	(319,933)	-
Arising on acquisition of subsidiary	163,575	138,946	53,799	-	89,338	-	445,658
Additions	80,454	220,727	351,655	19,608	180,928	93,283	946,655
Disposals	(163,575)	(28,388)	(41,037)	-	(33,779)	-	(266,779)
<b>At 31 December 2024</b>	<b>1,550,755</b>	<b>1,767,898</b>	<b>1,319,016</b>	<b>378,257</b>	<b>637,402</b>	<b>626,598</b>	<b>6,279,926</b>
<b>Accumulated depreciation</b>							
At 1 January 2024	334,109	663,596	284,676	286,155	262,569	-	1,831,105
Arising on acquisition of subsidiary	153,043	105,201	35,080	-	88,621	-	381,945
Charge for the year	100,113	187,233	169,660	20,994	46,510	-	524,510
Related to disposals	(159,859)	(24,014)	(25,348)	-	(33,598)	-	(242,819)
<b>At 31 December 2024</b>	<b>427,406</b>	<b>932,016</b>	<b>464,068</b>	<b>307,149</b>	<b>364,102</b>	<b>-</b>	<b>2,494,741</b>
<b>Net book value at 31 December 2024</b>	<b>1,123,349</b>	<b>835,882</b>	<b>854,948</b>	<b>71,108</b>	<b>273,300</b>	<b>626,598</b>	<b>3,785,185</b>

8.1 The buildings are constructed on right of use land leased from the Public Authority for Industry in the State of Kuwait.

8.2 Project under progress represents a factory building under construction on right of use land leased from the Public Authority for Industry. Part of the construction cost of this building is financed through an Istisna'a financing facility obtained from a local bank (Note 19).

## Notes to the consolidated financial statements (continued)

### 9 Right of use assets and lease liabilities

The Group has entered into various lease arrangements for premises rented by its subsidiaries for office use and entertainment-related activities.

#### 9.1 The movement of right of use assets is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at beginning of the year	2,635,980	2,734,186
Additions during the year	429,918	252,890
Amortisation for the year	(405,794)	(351,096)
<b>Balance at end of the year</b>	<b>2,660,104</b>	<b>2,635,980</b>

#### 9.2 The movement of lease liabilities is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at beginning of the year	2,696,511	2,743,645
Additions during the year	429,918	252,890
Finance cost	101,266	95,227
Payments during the year	(456,618)	(395,251)
<b>Balance at end of the year</b>	<b>2,771,077</b>	<b>2,696,511</b>
<b>Instalments due after next twelve months</b>	<b>2,344,000</b>	<b>2,406,217</b>
<b>Instalments due within next twelve months</b>	<b>427,077</b>	<b>290,294</b>
	<b>2,771,077</b>	<b>2,696,511</b>

### 10 Investment properties

The movement in the carrying amount of investment properties is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Carrying amount at beginning of the year	254,197	705,783
Transferred from accounts receivable and other assets (Note 14.1)	1,959,736	-
Additions during the year	314,842	-
Net change in fair value	28,523	(427,971)
Foreign currency adjustment	(20,949)	(23,615)
<b>Carrying amount at end of the year</b>	<b>2,536,349</b>	<b>254,197</b>

10.1 Investment properties comprise commercial and retail properties located in India and Kuwait.

#### 10.2 Fair value measurement of investment properties

The fair value of local investment property has been determined based on valuations performed by two independent and accredited valuers with recent experience in locations and categories of investment properties being valued. One of these valuers is a local bank and the other is a local reputable accredited valuer. As required by the Capital Markets Authority (CMA), the Group has selected the lower of these two valuations.

## Notes to the consolidated financial statements (continued)

### 10 Investment properties (continued)

#### 10.2 Fair value measurement of investment properties (continued)

For investment properties located outside Kuwait, the fair value is determined based on valuation performed by at least one independent, specialized and licensed real estate valuer in the country where the property is located. This is in accordance with the CMA requirements which state that valuations of foreign properties be conducted by a licensed valuer in the respective jurisdiction.

Fair value is determined using a mix of the income capitalisation method and cost-based method (Level 3). Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the cost-based method, fair value is estimated based on the replacement cost of the property, taking into account the asset's age, condition, and remaining useful life.

#### *Fair value hierarchy*

The following table shows an analysis of the fair values of investment properties recognised in the consolidated statement of financial position by level of the fair value measurement hierarchy:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cost based method	216,349	254,197
Income capitalisation method	2,320,000	-
	<b>2,536,349</b>	<b>254,197</b>

#### *A quantitative sensitivity analysis is as shown below:*

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

#### Significant unobservable valuation inputs (Income capitalisation method)

	31 Dec. 2025	31 Dec. 2024	Sensitivity used	Effect on fair value	
				31 Dec. 2025 KD	31 Dec. 2024 KD
Monthly rental income	KD14,550		- ±5%	± 117,899	-
Capitalisation rate	7.52%		- ± 50 basis point	± 167,179	-

### 11 Investment in associates

11.1 Details of the Group's investment in associates are set out below:

Name of associate	Ownership percentage		Country of incorporation	Principal activities
	31 Dec. 2025 %	31 Dec. 2024 %		
<b>Unquoted associates</b>				
Mada'in Properties PJSC (Note 11.2 'b')	-	25.87	UAE	Real Estate
Majan Development Company Joint Stock (Closed)	30.78	29.87	Oman	Real Estate
Gulf Industrial Development Company - SSCC	28.00	28.00	Saudi Arabia	Industrial
Gulf Real Estate Company Joint Stock (Closed)	36.99	36.84	Saudi Arabia	Real Estate
Al Rouyah Capital Holding - KSCC (Note 11.2 'c')	-	28.05	Kuwait	Investment
Soulmate Sweet Company - WLL	30.00	30.00	Kuwait	Trading

## Notes to the consolidated financial statements (continued)

### 11 Investment in associates (continued)

11.2 The movement in the carrying amount of investment in associates is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
At beginning of the year	31,792,118	21,597,287
Additions during the year ('a' below)	93,788	7,463,063
Reclassified from financial assets at FVTPL	-	7,852,854
Gain on bargain purchases of associates ('a' below)	181,888	4,555,339
Reclassified to financial assets at FVTOCI ('b' below)	(5,383,256)	(2,667,500)
Disposal during the year ('c' below)	(1,584,267)	(6,382,789)
Share of results	978,801	1,074,505
Share of other comprehensive income	108,754	5,978
Translation of foreign operations	(233,596)	(38,475)
Dividend received	(983,607)	(279,826)
Impairment reversal/(charge) for investment in associates ('d' below)	890,259	(1,388,318)
<b>At end of the year</b>	<b>25,860,882</b>	<b>31,792,118</b>

a. During the year, the Group acquired additional equity interests of 0.59% in Mada'in Properties PJSC, 0.91% in Majan Development Company Joint Stock (Closed) and 0.15% in Gulf Real Estate Company Joint Stock (Closed) for purchase considerations of KD38,103, KD26,530 and KD23,868, respectively, thereby increasing the Group's ownership in these associates to 26.46%, 30.78% and 36.99%. These acquisitions resulted in net bargain purchases of KD74,165, KD60,863 and KD 46,860, respectively.

b. During the year, the Group reclassified its investment in Mada'in Properties PJSC, previously accounted for as an investment in an associate to financial assets measured at fair value through other comprehensive income (Note 12). At the date of reclassification, the Group's ownership in Mada'in Properties PJSC was 26.46%, with a carrying amount of KD5,383,256 and a fair value of KD5,115,883. The reclassification was made following the Group's assessment that it no longer exercises significant influence over the associate due to the loss of representation on its board of directors.

The reclassification resulted in a net loss on deemed disposal of KD247,762 (net of KD19,611 related gain recycled from the foreign currency translation reserve).

c. During the year, the Group sold its entire ownership interest of 28.05% in Al Rouyah Capital Holding - KSCC, with a carrying value of KD1,584,267, for a total consideration of KD1,713,163. The transaction resulted in a gain of KD128,896, which has been recognised in the consolidated statement of profit or loss.

d. Impairment assessment of associates  
The carrying value of investment in associates is tested for impairment by estimating the recoverable amount in accordance with IAS 36: *Impairment of Assets*. The recoverable amount is determined using a fair value approach. The fair value calculation uses adjusted net asset values of the investees and market observable data, including price-to-book value multiples and price-to-earnings multiples of comparable companies.

As at 31 December 2025, management performed an impairment assessment of the carrying value of associates to determine the recoverable amount. Based on the assessment performed, the Group recognised a reversal of impairment of KD890,259 (31 December 2024: charge of impairment KD1,388,318).

e. Investment in an associate with a carrying value of KD17,929,039 (31 December 2024: KD18,078,301) is pledged against Murabaha payables (Note 19).

## Notes to the consolidated financial statements (continued)

### 11 Investment in associates (continued)

11.3 The summarised financial information of the investment in associates and reconciliation with the carrying value in the consolidated statement of financial position are set out below:

	Majan Development Company Joint Stock (Closed)		Gulf Industrial Development Company - SSCC		Gulf Real Estate Company Joint Stock (Closed)		Soulmate Sweet Company - WLL	
	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
Non-current assets	13,317,908	14,172,720	17,363,626	15,051,045	53,347,878	56,352,604	56,056	42,956
Current assets	1,050,307	729,125	585,668	439,074	1,820,155	1,460,374	110,087	67,470
<b>Total assets</b>	<b>14,368,215</b>	<b>14,901,845</b>	<b>17,949,294</b>	<b>15,490,119</b>	<b>55,168,033</b>	<b>57,812,978</b>	<b>166,143</b>	<b>110,426</b>
Non-current liabilities	(2,751,712)	(2,864,559)	-	-	(3,628,858)	(3,857,569)	(39,521)	(1,428)
Current liabilities	(330,279)	(376,120)	(92,939)	(81,947)	(3,069,212)	(3,145,597)	(45,230)	(126,914)
<b>Total liabilities</b>	<b>(3,081,991)</b>	<b>(3,240,679)</b>	<b>(92,939)</b>	<b>(81,947)</b>	<b>(6,698,070)</b>	<b>(7,003,166)</b>	<b>(84,751)</b>	<b>(128,342)</b>
<b>Equity attributable to the owners of the associates</b>	<b>11,286,224</b>	<b>11,661,166</b>	<b>17,856,355</b>	<b>15,408,172</b>	<b>48,469,963</b>	<b>50,809,812</b>	<b>81,392</b>	<b>(17,916)</b>
Group's ownership share (%)	30.78%	29.87%	28.00%	28.00%	36.99%	36.84%	30.00%	30.00%
<b>Group's share of net assets</b>	<b>3,473,900</b>	<b>3,483,710</b>	<b>4,999,779</b>	<b>4,314,288</b>	<b>17,929,039</b>	<b>18,720,719</b>	<b>24,418</b>	<b>(5,375)</b>
Embedded goodwill	-	-	319,525	319,525	-	-	-	-
Impairment for investment in associates	(694,863)	(694,863)	(120,444)	(120,444)	-	(642,418)	-	-
Other adjustment	-	-	(146,120)	-	-	-	75,648	97,352
<b>Carrying value of Group's ownership interests</b>	<b>2,779,037</b>	<b>2,788,847</b>	<b>5,052,740</b>	<b>4,513,369</b>	<b>17,929,039</b>	<b>18,078,301</b>	<b>100,066</b>	<b>91,977</b>
(Loss)/profit for the year	(322,335)	(407,423)	1,994,957	478,061	212,192	123,086	9,347	(18,913)
Other comprehensive income/(loss) for the year	-	-	442,257	(7,421)	-	-	-	-
<b>Group's share of results</b>	<b>(74,658)</b>	<b>(119,283)</b>	<b>558,588</b>	<b>133,858</b>	<b>76,025</b>	<b>87,721</b>	<b>2,804</b>	<b>(5,674)</b>

## Notes to the consolidated financial statements (continued)

### 11 Investment in associates (continued)

- 11.3 The summarised financial information of the investment in associates and reconciliation with the carrying value in the consolidated statement of financial position are set out below: (continued)

The Group accounts for its investment in associates using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. For the year ended 31 December 2025, the Group recognised its share of the results and net assets of associates based on the most recent available financial information. Accordingly, the Group used the unaudited financial statements of the associates for the year ended 30 September 2025, except for its investment in Soulmate Sweet Company - WLL, for which the Group used the audited financial statements as at 31 December 2025.

### 12 Financial assets at fair value through other comprehensive income

	31 Dec. 2025 KD	31 Dec. 2024 KD
Quoted securities	708,642	3,105,460
Unquoted securities (Note 11.2 'b')	5,567,155	324,913
	<b>6,275,797</b>	<b>3,430,373</b>

These financial assets are held for medium-to-long-term strategic objectives. Accordingly, the management has elected to designate these financial assets as financial assets at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these financial assets in the statement of profit or loss will not be consistent with the Group's strategy to hold such financial assets for long-term purposes and realising their performance potential in the long term.

### 13 Financial assets at fair value through profit or loss

	31 Dec. 2025 KD	31 Dec. 2024 KD
Quoted securities	9,889,275	3,042,801
Unquoted securities	2,381	257,498
Debt instruments	117,438	161,778
	<b>10,009,094</b>	<b>3,462,077</b>

## Notes to the consolidated financial statements (continued)

### 14 Accounts receivable and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial assets</b>		
Accounts receivable	940,305	963,519
Staff receivables	50,395	18,841
Refundable deposits	326,370	171,713
Due from an associate	-	11,026
Due from a related party	518,018	420,959
Other receivables	610,298	220,533
	<b>2,445,386</b>	<b>1,806,591</b>
<b>Non-financial assets</b>		
Prepaid expenses	204,798	133,450
Advance payments to suppliers	740,302	819,308
Advances paid for the acquisition of investment properties (14.1 & 14.2)	108,837	2,073,865
Advance payments to acquire subsidiaries (14.2)	460,000	791,071
Advance payments to acquire leasehold rights (14.2)	978,000	878,444
	<b>2,491,937</b>	<b>4,696,138</b>
Gross accounts receivable and other assets	<b>4,937,323</b>	<b>6,502,729</b>
Less: provision for doubtful debts and advances (14.3)	<b>(428,266)</b>	<b>(308,563)</b>
<b>Net accounts receivable and other assets</b>	<b>4,509,057</b>	<b>6,194,166</b>
<b>Non-current portion</b>	<b>-</b>	<b>2,073,865</b>
<b>Current portion</b>	<b>4,509,057</b>	<b>4,120,301</b>
	<b>4,509,057</b>	<b>6,194,166</b>

14.1 During the year, following the completion of the legal formalities related to property transfer, the Group reclassified an amount of KD1,959,736 from advances paid for the acquisition of investment properties to investment properties (note 10).

14.2 These advances represent payments for purchase of various investments which have not been finalised as of the reporting date.

14.3 The movement in the provision for doubtful debts and advances is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at beginning of the year	308,563	210,474
Charge for the year	130,729	150,191
Write-off of during the year	(11,026)	(52,102)
<b>Balance at end of the year</b>	<b>428,266</b>	<b>308,563</b>
Provision for doubtful debts	28,266	25,039
Provision for advances	400,000	283,524
	<b>428,266</b>	<b>308,563</b>

## Notes to the consolidated financial statements (continued)

### 14 Accounts receivable and other assets (continued)

14.4 Accounts receivable are non-interest bearing and generally due within 90 to 180 days. The ageing analysis of the accounts receivable is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Less than 90 days	653,739	612,706
90 - 180 days	135,657	241,523
181 - 365 days	73,041	67,013
More than 365 days	77,868	42,277
	<b>940,305</b>	<b>963,519</b>

### 15 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents of the Group comprise the following:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash and bank balances	3,502,310	6,183,110
Term deposits (15.1)	7,058,000	4,713,984
	<b>10,560,310</b>	<b>10,897,094</b>
Less: restricted bank balances (15.2)	(121,092)	(121,360)
Less: term deposits with contractual maturity exceeding three months	(4,478,000)	(4,688,904)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>5,961,218</b>	<b>6,086,830</b>

15.1 Term deposits carry an annual profit rate of 3.50% to 4.00% (31 December 2024: 4.00% to 4.75%) and mature over a period of three to six months.

15.2 This represents the amount designated to meet unclaimed dividends due to the shareholders.

15.3 Term deposits with a carrying amount of KD4,178,000 (31 December 2024: KD4,178,000) are pledged against Murabaha facility (Note 19). In addition, KD300,000 (31 December 2024: KD300,000) is pledged against factoring facilities obtained from a local bank.

### 16 Share capital

	31 Dec. 2025 KD	31 Dec. 2024 KD
406,495,660 authorised, issued and fully paid-up shares of 100 Fils each - in cash	<b>40,649,566</b>	<b>40,649,566</b>

### 17 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of shares	1,998,984	8,387,945
Percentage of issued shares	0.49%	2.06%
Market value (KD)	1,087,447	5,225,690
Cost (KD)	1,352,962	5,181,777

## Notes to the consolidated financial statements (continued)

### 17 Treasury shares (continued)

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

### 18 Statutory reserve

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

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend up to 5% of the paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

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

### 19 Borrowings

	31 Dec. 2025 KD	31 Dec. 2024 KD
Murabaha facilities (19.1)	6,129,953	6,900,000
Istisna'a financing facility (19.2)	657,300	-
	<b>6,787,253</b>	6,900,000
Instalments due within next twelve months	<b>(1,042,526)</b>	(820,100)
Instalments due after twelve months	<b>5,744,727</b>	6,079,900

19.1 Murabaha facilities represent the following facilities:

- a. Murabaha facility representing a financing arrangement amounting to KD9,000,000 obtained from a local Islamic bank of which KD6,079,900 (31 December 2024: KD6,900,000) has been utilised. The facility carries an average annual profit rate of 6% (31 December 2024: 6%). This facility is secured against term deposits amounting KD4,178,000 (Note 15) and investment in an associate with carrying value of KD17,929,039 (Note 11).
- b. Murabaha facility amounting to KD50,053 obtained from a local Islamic bank. The facility carries an average annual profit rate of 6% and is repayable in a single payment on 21 July 2026.

19.2 During the year, the Group obtained an Istisna'a financing facility with a local Islamic bank to finance the construction of a new factory building located in Subhan Industrial Area. Under the financing agreement, the total facility amount is KD595,000, with total profit payable of KD135,362, resulting in a total repayment obligation of KD730,362. The facility is repayable in 12 semi-annual instalments, with the first eleven instalments amounting to KD60,000 each and the twelfth and final instalment amounting to KD70,362. Instalments are payable semi-annually commencing on 15 April 2026 and ending on 15 October 2031. The facility is secured against the mortgage of one of the Group's factories in addition to the factory building being constructed.

## Notes to the consolidated financial statements (continued)

### 20 Accounts payable and other liabilities

	31 Dec. 2025 KD	31 Dec. 2024 KD
Accounts payable	892,622	950,645
Dividend payable	126,276	121,360
Employees' end of service benefits	866,945	735,665
Provision for KFAS	33,688	44,082
Provision for NLST	35,050	105,081
Provision for Zakat	40,691	45,997
Accrued expenses and other payables	744,051	715,683
	<b>2,739,323</b>	<b>2,718,513</b>
<b>Non-current portion</b>	<b>866,945</b>	<b>735,665</b>
<b>Current portion</b>	<b>1,872,378</b>	<b>1,982,848</b>
	<b>2,739,323</b>	<b>2,718,513</b>

### 21 General assembly of shareholders and proposed dividends

Subject to the approval of the relevant regulatory authorities and approval of the shareholders' general assembly, the directors of the Parent Company propose not to distribute any dividends for the year ended 31 December 2025.

The annual general assembly of the shareholders held on 25 May 2025 approved the consolidated financial statements of the Group for the year ended 31 December 2024 without any dividends or board of directors' remuneration.

### 22 Related party transactions and balances

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

Details of transactions and balances between the Group and other related parties are disclosed below.

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<b>Transactions included in the consolidated statement of profit or loss:</b>		
<b>Key management personnel compensation:</b>		
Salaries and other short-term benefits	191,554	298,577
End of service benefits	43,756	31,298
Consultancy fees paid	30,000	36,000
	<b>265,310</b>	<b>365,875</b>
<b>Balance included in the consolidated statement of financial position:</b>		
<b>Included in accounts receivable and other assets (note 14):</b>		
- Due from an associate	-	11,026
- Due from a related party	518,018	420,959

## Notes to the consolidated financial statements (continued)

### 23 Segmental analysis

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to Group's profit or loss.

The Group operates in the following business segments:

	Investment KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
<b>For the year ended 31 December 2025:</b>					
Segment income	2,749,092	111,073	7,778,244	1,302,421	11,940,830
Impairment reversal of associates	890,259	-	-	-	890,259
Segment profit/(loss)	3,250,165	111,073	1,235,565	(2,686,716)	1,910,087
<b>As at 31 December 2025:</b>					
Total assets	52,706,083	2,536,349	9,345,266	5,119,694	69,707,392
Total liabilities	(6,079,900)	-	(3,302,133)	(2,915,620)	(12,297,653)
Net assets	46,626,183	2,536,349	6,043,133	2,204,074	57,409,739
<b>For the year ended 31 December 2024:</b>					
Segment income	6,903,952	(427,971)	7,146,323	1,392,200	15,014,504
Impairment charge of associates	(1,388,318)	-	-	-	(1,388,318)
Segment profit/(loss)	5,515,634	(427,971)	1,535,165	(2,227,683)	4,395,145
<b>As at 31 December 2024:</b>					
Total assets	49,581,663	254,197	8,225,072	6,237,463	64,298,395
Total liabilities	(6,900,000)	-	(3,088,171)	(2,326,853)	(12,315,024)
Net assets	42,681,663	254,197	5,136,901	3,910,610	51,983,371

Geographical segment information is presented below:

	Profit/(loss)		Assets		Liabilities	
	31 Dec 2025 KD	31 Dec 2024 KD	31 Dec 2025 KD	31 Dec 2024 KD	31 Dec 2025 KD	31 Dec 2024 KD
Kuwait	277,480	2,883,818	37,292,214	32,247,958	12,278,860	12,143,422
Gulf and Middle East	1,703,099	1,484,109	31,780,050	31,409,365	-	-
Others	(70,492)	27,218	635,128	641,072	18,793	171,602
	1,910,087	4,395,145	69,707,392	64,298,395	12,297,653	12,315,024

## Notes to the consolidated financial statements (continued)

### 24 Risk management objectives and policies

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

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

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

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

#### 24.1 Market risk

##### *a) Foreign currency risk*

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

Foreign currency risk is managed by the treasury department of the Parent Company on the basis of limits determined by the Group's board of directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposures.

As at the reporting date, the Group is not exposed to significant foreign currency risk.

##### *b) Profit rate risk*

Profit rate risk represents the risk that changes in market profit rates will affect the Group's future cash flows or the fair value of its financial instruments. The Group's exposure to profit rate risk arises primarily from its profit-bearing financial assets and liabilities, mainly short-term deposits, Murabaha facilities and Istisna'a financing arrangements. The Group has limited exposure to profit rate risk as these instruments are contracted at fixed profit rates. Accordingly, the potential impact of fluctuations in market profit rates on the Group's financial position and cash flows is not considered significant.

Furthermore, the Group does not maintain significant financial assets or liabilities subject to floating profit rates, which further reduces the Group's exposure to profit rate volatility.

##### *c) Price risk*

The Group is exposed to price risk with respect to its quoted equity investments. Equity investments are classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

## Notes to the consolidated financial statements (continued)

### 24 Risk management objectives and policies (continued)

#### 24.1 Market risk (continued)

##### c) Price risk (continued)

If equity prices had been 10% (2024: 10%) higher/lower, the effect on the equity would have been as follows:

	Profit for the year		Equity	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through profit or loss	± 988,928	± 304,280	± 988,928	± 304,280
Financial assets at fair value through other comprehensive income	-	-	± 70,864	± 310,546

#### 24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risk with individuals or groups of customers in specific locations or business 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 reporting date, as summarised below:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Accounts receivable and other assets (excluding prepayments and advances)	2,417,120	1,781,552
Term deposits	7,058,000	4,713,984
Cash and bank balances	3,502,310	6,183,110
	<b>12,977,430</b>	<b>12,678,646</b>

Bank balances and term deposits are maintained with high credit quality financial institutions. Accounts receivable and other assets are presented after deducting provision for doubtful debts. Management believes the net balances are neither past due nor impaired.

#### 24.3 Liquidity risk

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

The Group's contractual maturity profile of financial liabilities based on undiscounted cash flows is as follows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over one year KD	Total KD
<b>31 December 2025</b>					
<b>Liabilities</b>					
Borrowings	-	362,321	1,019,964	6,583,729	7,966,014
Lease liabilities	-	-	523,132	2,625,681	3,148,813
Accounts payable and other liabilities (excluding employees' end of service benefits)	-	-	1,872,378	-	1,872,378
	-	362,321	3,415,474	9,209,410	12,987,205

## Notes to the consolidated financial statements (continued)

### 24 Risk management objectives and policies (continued)

#### 24.3 Liquidity risk (continued)

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over one year KD	Total KD
<b>31 December 2024</b>					
<b>Liabilities</b>					
Borrowings	-	302,321	906,964	7,255,714	8,464,999
Lease liabilities	-	-	414,428	2,669,813	3,084,241
Accounts payable and other liabilities (excluding employees' end of service benefits)	-	-	1,982,848	-	1,982,848
	-	302,321	3,304,240	9,925,527	13,532,088

### 25 Fair value measurement

#### 25.1 Fair value measurement of financial instruments

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
<b>Financial assets</b>		
<b><i>Financial assets at amortised cost</i></b>		
Accounts receivable and other assets (excluding prepayments and advances)	2,417,120	1,781,552
Term deposits	7,058,000	4,713,984
Cash and bank balances	3,502,310	6,183,110
<b><i>Financial assets at fair value</i></b>		
Financial assets at fair value through other comprehensive income	6,275,797	3,430,373
Financial assets at fair value through profit or loss	10,009,094	3,462,077
	<b>29,262,321</b>	<b>19,571,096</b>
<b>Financial liabilities</b>		
<b><i>Financial liabilities at amortised cost</i></b>		
Borrowings	6,787,253	6,900,000
Lease liabilities	2,771,077	2,696,511
Accounts payable and other liabilities (excluding employees' end of service benefits)	1,872,378	1,982,848
	<b>11,430,708</b>	<b>11,579,359</b>

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

#### 25.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments at fair value and measurement details are disclosed below. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

## Notes to the consolidated financial statements (continued)

### 25 Fair value measurement (continued)

#### 25.3 Fair value hierarchy

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

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

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 consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>31 December 2025</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	9,889,275	-	-	9,889,275
Unquoted securities	-	-	2,381	2,381
Debt instruments	-	117,438	-	117,438
<b>Financial assets at FVTOCI</b>				
Quoted securities	708,642	-	-	708,642
Unquoted securities	-	-	5,567,155	5,567,155
	<b>10,597,917</b>	<b>117,438</b>	<b>5,569,536</b>	<b>16,284,891</b>
<b>31 December 2024</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	3,042,801	-	-	3,042,801
Unquoted securities	-	-	257,498	257,498
Debt instruments	-	161,778	-	161,778
<b>Financial assets at FVTOCI</b>				
Quoted securities	3,105,460	-	-	3,105,460
Unquoted securities	-	-	324,913	324,913
	<b>6,148,261</b>	<b>161,778</b>	<b>582,411</b>	<b>6,892,450</b>

There have been no transfers between levels 1 and 2 during the reporting year. The Group does not have any financial liabilities measured at fair value.

#### Level 3 fair value measurements

The Group's financial assets classified within Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to end balances as follows:

## Notes to the consolidated financial statements (continued)

### 25 Fair value measurement (continued)

#### 25.3 Fair value hierarchy (continued)

##### Level 3 fair value measurements (continued)

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at the beginning of the year	582,411	8,441,153
Additions during the year	-	245,574
Reclassified from investment in associates (Note 11)	5,115,883	-
Disposals during the year	(255,342)	(11,113)
Reclassification to investment in associates	-	(7,896,523)
Net change in fair value recognised in profit or loss	225	27,593
Net change in fair value recognised in other comprehensive income	126,359	(224,273)
<b>Balance at the end of year</b>	<b>5,569,536</b>	<b>582,411</b>

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.

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

#### Measurement at fair value

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

##### a. Quoted securities

Quoted securities represent listed securities that are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments has been determined by reference to their quoted bid prices at the reporting date.

##### b. Unquoted securities

Unquoted securities are measured at fair value estimated using various models like market multipliers and adjusted net book value which include some assumptions that are not supportable by observable market prices or rates.

##### c. Debt instruments

The fair value of debt instruments is determined based on the net asset value of the underlying operations.

#### 25.4 Fair value measurement of non-financial assets

All investment properties are fair valued at year end. The fair value hierarchy and basis of valuation is disclosed in Note 10.

### 26 Contingent liabilities and capital commitments

As at 31 December 2025, the Group had outstanding letter of guarantee amounting to KD6,000 (31 December 2024: KD6,000). Further, as at 31 December 2025, the Group had capital commitments amounting to KD87,500 relating to the construction of a factory building (31 December 2024: KD875,000).

## Notes to the consolidated financial statements (continued)

### 27 Capital management objectives

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

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

The Group monitors capital on the basis of the return on equity and it is calculated as profit for the year divided by total equity as follow:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Profit attributable to the owners of the Parent Company	937,519	4,097,877
Equity attributable to the owners of the Parent Company	49,805,238	45,096,923
<b>Return on equity</b>	<b>1.88%</b>	<b>9.09%</b>

### 28 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. At this stage, no material financial impact has been identified. The Group continues to monitor the situation.

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