

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries**  
**State of Kuwait**

**Consolidated Financial Statements with Auditor's Report**  
For the Financial Year Ended 31 December 2025

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries  
State of Kuwait**

**Consolidated Financial Statements with Auditor's Report  
For the Financial Year Ended 31 December 2025**

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**Independent auditor's report**

**To / Shareholders**  
**Kuwait Emirates Holding Company K.S.C.P.**  
**State of Kuwait**

**Report on the audit of the consolidated financial statements****Opinion**

We have audited the consolidated financial statements of Kuwait Emirates Holding Company - K.S.C.P. ("The Parent Company") and its subsidiaries (collectively referred to as the "Group") – which includes the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ending on that date and a summary of significant accounting policies and notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respect, the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and its consolidated cash flows for the financial year ending on that date in accordance with international financial reporting standards.

**Basis for Opinion**

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

**Emphasis of matter**

Without qualifying our opinion, the total assets of the Group from subsidiaries within the Syrian Arab Republic as at 31 December 2025 amounted to KD 13,589,274 representing 74% of the total assets of the Group (31 December 2024: KD 11,272,920, representing 70% of the total assets of the group), as the group has estimated that future political events and economic changes in the Syrian Arab Republic are unlikely to have an impact on the book value of those assets, except for the effect on the translation of these currencies.

**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 Group for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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## Independent auditor's report (continued)

To / Shareholders

Kuwait Emirates Holding Company K.S.C.P.

## Report on the audit of the consolidated financial statements (continued)

### Key audit matters (continued)

#### Investment properties

Investment properties amounting to KD 9,010,110 as at 31 December 2025, represent a significant portion of the Group's total assets. Determining the fair value of these properties relies heavily on estimates and assumptions. We considered this to be a key audit matter.

The Group conducts an annual evaluation through licensed evaluator to determine the fair value of investment properties. These valuations are based on some key assumptions such as income approach, comparative market prices, and discounted cash flows.

When estimating the fair value, the evaluators used the comparative market price method taking into account the nature and use of investment properties.

#### How our audit dealt with these matters

Our audit procedures included the following procedures and other matters:

- We reviewed evaluation reports received from licensed evaluator.
- We evaluated the adequacy and appropriateness of the Group's disclosures contained in (Note 5 and Note 20) to the consolidated financial statements.

#### Financial assets at fair value through the statement of other comprehensive income

The financial assets at fair value through the statement of other comprehensive income in the amount of KD 4,837,074 as at 31 December 2025, represent a significant portion of the Group's total assets, and consists of quoted foreign shares and unquoted local and foreign shares. Determining the fair value of these assets relies heavily on estimates and assumptions. We considered this to be a key audit matter.

#### How our audit dealt with these matters

Our audit procedures included the following procedures and other matters:

- We tested Level 1 fair value by comparing the fair value applied by the Group with published data available in the market.
- For Level 2 and 3 assessments, we tested the model and assumptions used by management and cross-checked the underlying data used in the assessment, to the extent possible, against independent sources and externally available market data for the purpose of assessing the relevance, completeness and accuracy of the data to the assessment.
- We verified the significant judgments and assumptions applied to the valuation model, including discounts for non-marketability.
- We evaluated the adequacy and appropriateness of the Group's disclosures contained in (Note 6 and Note 20) to the consolidated financial statements.

#### Properties held for trading

Properties held for trading amounting to KD 3,950,750 as at 31 December 2025, represents a significant portion of the Group's total assets. Determining the fair value of these properties relies heavily on estimates and assumptions. We considered this to be a key audit matter.

The Group conducts an annual evaluation through licensed evaluators to determine the fair value of these properties. These valuations are based on some key assumptions such as income approach, comparative market prices, and discounted cash flows.

When estimating the fair value, evaluators used the income approach method, taking into account the nature and use of these properties.

#### How our audit dealt with these matters

Our audit procedures included the following procedures and other matters:

- We reviewed evaluation reports received from licensed evaluators.
- We evaluated the adequacy and appropriateness of the Group's disclosures contained in (Note 7) to the consolidated financial statements.

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## Independent auditor's report (continued)

To / Shareholders  
Kuwait Emirates Holding Company K.S.C.P.

### Report on the audit of the consolidated financial statements (continued)

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

Management is responsible for other information. Other information consists of the information contained in the Group's Annual Report for 2025, excluding the consolidated financial statements and the auditor's report thereon. We received the report of the parent company's board of directors prior to the date of the auditor's report and expect to receive the remaining sections of the annual report after the date of the auditor's report. Our opinion on the consolidated financial statements does not include the section on other information, and we have not and will not express any audit opinion on it. In our audit of the consolidated financial statements, our responsibility is to examine the other information described above and determine whether it is materially inconsistent with the consolidated financial statements or as came to our attention during the audit, or whether there are any material misstatements therein. If we find any material misstatements in this other information, based on our work on the other information obtained prior to the date of the auditor's report, we are required to include those facts in our report. We have nothing further to say in this regard.

#### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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**Independent auditor's report (continued)**

**To / Shareholders**

**Kuwait Emirates Holding Company K.S.C.P.**

**Report on the audit of the consolidated financial statements (continued)**

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

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

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

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

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

**Report on other legal and regulatory requirements**

In our opinion, the parent company maintains regular accounting records, and the consolidated financial statements and the information contained in the parent company's board of directors' report regarding the consolidated financial statements are consistent with what is contained in those records. We also obtained the information and clarifications that we deemed necessary for the purposes of the audit, and the consolidated financial statements include the information required by Companies Law No. 1 of 2016, as amended by Law No. 15 of 2017, its executive regulations and subsequent amendments, and the articles of incorporation and bylaws of the parent company and their subsequent amendments, and the inventory was conducted in accordance with the applicable principles. Within the limits of the information available to us, we have not been made aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended by Law No. 15 of 2017, and its executive regulations and subsequent amendments, or the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority, its executive regulations and related instructions and subsequent amendments, during the fiscal year ending on December 31, 2025, in a manner that materially affects the activity of the parent company or its consolidated financial position.

  
**Nayer Awadh Nazar**  
**Authorized Public Auditor No. 43-Grade A.**  
**Nazar and Partners**  
**Member of Nexia**  
**Registration No. in the Capital Market Authority**  
**EA/2020/49**



State of Kuwait: March 5, 2026.

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**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries**  
**State of Kuwait**

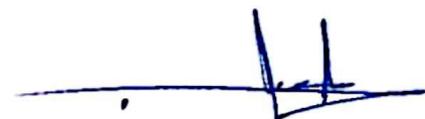
**Consolidated Statement of Financial Position**  
**As at 31 December 2025**

	Notes	2025 KD	2024 KD
<b>Assets</b>			
<b>Non-Current assets</b>			
Investment properties	5	9,010,110	8,593,693
Financial assets at fair value through statement of other comprehensive income	6	<u>4,837,074</u>	<u>2,914,774</u>
		<u>13,847,184</u>	<u>11,508,467</u>
<b>Currents assets</b>			
Properties held for trading	7	3,950,750	3,950,750
Accounts receivable and other debit balances		122,850	108,943
Cash and cash equivalent	8	<u>534,710</u>	<u>428,912</u>
		<u>4,608,310</u>	<u>4,488,605</u>
<b>Total assets</b>		<u>18,455,494</u>	<u>15,997,072</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital	9	17,627,690	17,627,690
Statutory reserve	10	139,253	139,253
Change in fair value reserve		3,074,195	1,151,895
Foreign currency translation reserve		(6,537,017)	(6,679,766)
Accumulated losses		<u>(572,771)</u>	<u>(762,323)</u>
<b>Total equity attributable to the shareholders of the Parent Company</b>		13,731,350	11,476,749
Non-controlling interest		<u>4,433,118</u>	<u>4,212,822</u>
<b>Total equity</b>		<u>18,164,468</u>	<u>15,689,571</u>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Provision for end of service indemnity		<u>13,450</u>	<u>12,614</u>
		<u>13,450</u>	<u>12,614</u>
<b>Current liabilities</b>			
Accounts payable and other credit balances	11	<u>277,576</u>	<u>294,887</u>
		<u>277,576</u>	<u>294,887</u>
<b>Total liabilities</b>		<u>291,026</u>	<u>307,501</u>
<b>Total equity and liabilities</b>		<u>18,455,494</u>	<u>15,997,072</u>

The accompanying notes from pages 10 to 32 an integral part of the consolidated financial statements



**Abdulaziz Mahmoud Abdulwahed Alhadhoud**  
Chairman



**Abdul Muhsen Sulaiman Al-Meshan**  
Chief Executive Officer

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Profit or Loss**  
For the year ended 31 December 2025

	Notes	<b>2025</b>	<b>2024</b>
		KD	KD
<b>Income</b>			
Real estate revenue		273,404	259,016
Change in fair value of investment properties	5	566,364	575,264
Foreign exchange (loss) / gain	12	(378,965)	141,233
Interest income		2,067	2,220
		<u>462,870</u>	<u>977,733</u>
<b>Expenses and other charges</b>			
Staff cost		(49,779)	(49,909)
General and administrative expenses		(91,960)	(84,847)
Total expenses and other charges		<u>(141,739)</u>	<u>(134,756)</u>
<b>Profit for the year before deductions</b>		321,131	842,977
National Labour Support Tax		(4,894)	(12,201)
Zakat		(170)	-
<b>Net profit for the year</b>		<u>316,067</u>	<u>830,776</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		189,552	482,964
Non-controlling interest		126,515	347,812
<b>Profit for the year</b>		<u>316,067</u>	<u>830,776</u>
<b>Basic and diluted earnings per share attributable to shareholders of the Parent Company (fils)</b>	13	<u>1.08</u>	<u>2.74</u>

The accompanying notes from pages 10 to 31 an integral part of the consolidated financial statements

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Other Comprehensive Income**  
For the Year ended 31 December 2025

	<u>2025</u>	<u>2024</u>
	KD	KD
<b>Net profit for the year</b>	<u>316,067</u>	<u>830,776</u>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to the consolidated statement of profit or loss :</b>		
Foreign currency translation differences	236,530	377,812
<b>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</b>		
Change in fair value	<u>1,922,300</u>	<u>801,980</u>
<b>Other comprehensive income for the year</b>	<u>2,158,830</u>	<u>1,179,792</u>
<b>Total other comprehensive income for the year</b>	<u>2,474,897</u>	<u>2,010,568</u>
<b>Attributable to:</b>		
Shareholders of the Parent Company	2,254,601	1,602,288
Non-controlling interest	<u>220,296</u>	<u>408,280</u>
	<u>2,474,897</u>	<u>2,010,568</u>

The accompanying notes from pages 10 to 31 an integral part of the consolidated financial statements

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries  
State of Kuwait**

**Consolidated Statement of Changes in Equity  
For the Year ended 31 December 2025**

	Capital KD	Statutory reserve KD	Change in fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	Non- controlling interest KD	Total equity KD
Balance as at 1 January 2024	17,627,690	139,253	349,915	(6,997,110)	(1,245,287)	9,874,461	3,804,542	13,679,003
Net profit for the year	-	-	-	-	482,964	482,964	347,812	830,776
Other comprehensive income for the year	-	-	801,980	317,344	-	1,119,324	60,468	1,179,792
Total other comprehensive income for the year	-	-	801,980	317,344	482,964	1,602,288	408,280	2,010,568
<b>Balance as at 31 December 2024</b>	<b>17,627,690</b>	<b>139,253</b>	<b>1,151,895</b>	<b>(6,679,766)</b>	<b>(762,323)</b>	<b>11,476,749</b>	<b>4,212,822</b>	<b>15,689,571</b>
Net profit for the year	-	-	-	-	189,552	189,552	126,515	316,067
Other comprehensive income for the year	-	-	1,922,300	142,749	-	2,065,049	93,781	2,158,830
Total other comprehensive income for the year	-	-	1,922,300	142,749	189,552	2,254,601	220,296	2,474,897
<b>Balance as at 31 December 2025</b>	<b>17,627,690</b>	<b>139,253</b>	<b>3,074,195</b>	<b>(6,537,017)</b>	<b>(572,771)</b>	<b>13,731,350</b>	<b>4,433,118</b>	<b>18,164,468</b>

The accompanying notes from pages 10 to 31 an integral part of the consolidated financial statements

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Cash Flows**  
For the Year ended 31 December 2025

	Notes	2025	2024
		KD	KD
<b>Cash flows from operating activities</b>			
Profit for the year before deductions		321,131	842,977
<i>Adjustments:</i>			
Interest income		(2,067)	(2,220)
Change in fair value of investment properties	5	(566,364)	(575,264)
Provision for end of service Indemnity		836	3,347
		(246,464)	268,840
<i>Changes in working capital:</i>			
Accounts receivable and other debit balances		(13,780)	(8,495)
Accounts payable and other credit balances		(19,400)	(93,635)
Net cash (used in) / generated from operations		(279,644)	166,710
Provision for employees' end of service benefits paid		-	(9,957)
<b>Net cash (used in) / generated from operating activities</b>		(279,644)	156,753
<b>Cash flows from investing activities</b>			
Interest income received		1,940	2,093
<b>Net cash generated from investing activities</b>		1,940	2,093
<b>Cash flows from Financing activities</b>			
Dividends paid		(2,975)	(2,370)
<b>Net cash used in financing activities</b>		(2,975)	(2,370)
Net (decrease) / increase in cash and cash equivalent		(280,679)	156,476
Foreign currency translation adjustments		386,477	(140,655)
Cash and cash equivalent at beginning of the year	8	428,912	413,091
Cash and cash equivalent at end of the year	8	534,710	428,912

The accompanying notes from pages 10 to 31 an integral part of the consolidated financial statements

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries  
State of Kuwait**

**Notes to the consolidated financial statements  
For the Year ended 31 December 2025**

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**1. Incorporation and objectives**

The Kuwait Emirates Holding Company K.S.C.P "The parent Company" and its subsidiaries - the State of Kuwait - was established according to the memorandum of association of a Kuwaiti public shareholding company on 28 July 2002 and its subsequent amendments in accordance with the provisions in the State of Kuwait and under the memorandum of association and its amendments, and in accordance with the Kuwaiti Commercial Companies Law No. 15 of 1960 and its amendments. The last entry in the commercial registry is on 17 December 2022. The company is listed on Kuwait Stock Exchange.

The principal activities of the Parent Company are:

- Owning stocks in Kuwaiti or Non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment, lending and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns shares, guaranteeing them with other parties where the holding company owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and leasing to other companies to use it inside and outside state of Kuwait.
- Owning properties and moveable property to conduct its operations within the limits as stipulated by law.
- Utilizing the company's available surplus funds in financial portfolio managed by specialized entities.

The head office of the parent company is located in Al Khaleejia Tower, Floor 3, Sharq, Kuwait.

These consolidated financial statements include the financial statements of the parent company and its subsidiaries as shown in Note No. (3.3) collectively referred to as the "Group".

This consolidated financial information was approved for issue by the Board of Directors on 5 March 2026. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

**2. Adoption of new and revised Standards**

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

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards as of January 1, 2025:

*Lack of Exchangeability (Amendments to IAS 21)*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. These amendments are not expected to have a material impact on the consolidated financial statements.

## **2. Adoption of new and revised Standards (continued)**

### **b. New and revised Standards issued but not yet effective**

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

#### IFRS 18 Presentation and Disclosures in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

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

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

These amendments are not expected to have a material impact on the consolidated financial statements.

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

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027.

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

An entity is required to apply these amendments for annual reporting periods beginning on or after 1 January 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

These amendments are not expected to have a material impact on the consolidated financial statements.

#### Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted.

These amendments are not expected to have a material impact on the consolidated financial statements.

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries  
State of Kuwait**

**Notes to the consolidated financial statements  
For the Year ended 31 December 2025**

**3. Significant Accounting Policies**

**3.1. Statement of compliance**

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

**3.2. Basis of preparation**

These consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial assets at fair value through statement of other comprehensive income are stated at their fair value. The financial statements have been presented in Kuwaiti Dinars ("KD") which is the presentation and functional currency of the Group.

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

The principal accounting policies applied in the preparation of these financial statements are set out below.

**3.3. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the "Parent Company" and its subsidiaries is as follows:

Company name	Country of incorporation	Main activities	Ownership percentage (direct and indirect) (%)	
			2025	2024
1-Kuwait Syrian Real Estate Company – W.L.L	Kuwait	Trading and services	100%	100%
2-Syrian Kuwait Limited Company	Syria	Tourism	82.65%	82.65%
3-Al-Naser Gardens Holding Company – K.S.C (Holding)	Kuwait	Holding	60.9%	60.9%
<b>Subsidiary companies of Al-Nasser Gardens Holding Company – K.S.C. (Holding):</b>				
1-Al-Naser Gardens Real Estate Company – W.L.L.	Kuwait	Real Estate	99%	99%
2-Al-Naser Garden Syrian Company – Shareholding	Syria	General Trading	97.9%	97.9%

The subsidiaries total assets amounted to KD 13,489,789 as at 31 December 2025 (2024: KD 12,999,953) and its profits amounted to KD 431,719 for the year ended 31 December 2025 (2024: KD 953,679).

### **3. Significant Accounting Policies (continued)**

#### **3.3. Basis of consolidation (continued)**

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

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

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

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

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

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

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

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

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

### **3. Significant Accounting Policies (continued)**

#### **3.4. Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying values of its non-financial assets to determine whether there is objective evidence that the value of these assets is impaired. If such evidence exists, the recoverable amount of the asset is estimated so that the amount of impairment loss (if any) can be determined. In cases where the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis for allocation can be identified, the group's assets are also allocated to individual cash-generating units or otherwise distributed to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be identified.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease in consolidated financial statement of profit or loss and other comprehensive income.

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

#### **3.5. Financial instruments**

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

Financial instruments are classified as liabilities or equity according to the content of the contractual agreements.

Financial assets and financial liabilities included in the consolidated statement of financial position include accounts receivable and other debit balances, due from related parties, cash and cash equivalents, accounts payable and other credit balances and due to related parties.

##### **Financial assets**

###### **Recognition, initial measurement and derecognition**

To determine the classification and measurement category of financial assets, IFRS 9 requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group business model for managing the Group assets and the contractual cash flows characteristics of these instruments.

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

### **3. Significant Accounting Policies (continued)**

#### **3.5. Financial instruments (continued)**

##### **Financial assets (continued)**

##### **Recognition, initial measurement and derecognition (continued)**

Purchases and sales of those financial assets are recognized on the trade date i.e. the date on which the Group commits to purchase or sell the assets. The financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets expire or when the Group transfers its right to receive cash flows from the financial assets in either of the following circumstances: (a) when the Group transfers all risks and rewards of the financial assets ownership, or (b) when all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. When the Group retains control, it must continue to recognize the financial assets to the extent of its participation therein.

##### **Classification of financial assets**

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

##### **Subsequent measurement**

##### Financial assets at amortized cost

Financial assets are measured at amortized cost when they meet both of the following conditions and are not classified as FVTPL:

- Held within a business model whose objective is to hold the asset to collect contractual cash flows, and
- Its contractual terms give rise, on certain dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

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

Financial assets carried at amortized cost include accounts receivable and other debit balances, due from related parties, cash and cash equivalents classified as debt instruments at amortized cost.

##### Accounts receivable and other debit balances

Accounts receivable and other debit balances represent amounts due from customers for the sale of goods and services performed in the ordinary course of business. Accounts receivable and other debit balances are initially recognized at fair value and are subsequently measured at amortized cost using the effective rate of return method, less an allowance for impairment.

Accounts receivable and other debit balances that do not fall under any of the above are classified as "other debit balances".

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks and term deposit with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **3. Significant Accounting Policies (continued)**

#### **3.5. Financial instruments (continued)**

##### **Financial assets (continued)**

###### **Impairment of financial assets**

IFRS 9 applies the expected credit loss model. The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income but does not apply to investments in equity instruments.

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

For receivables and other receivable balances, the Group has applied the standard's simplified approach and calculated expected credit losses based on expected credit losses over the useful life. Accordingly, the Group does not track changes in credit risk and assesses impairment on an aggregated basis. The Group has established a provision matrix based on the Group's historical history of credit losses, adjusted for future specific customer and economic environment factors. Risk exposures are segmented based on general credit characteristics such as credit risk score, geographic region, business sector, distress status and age of the relationship, whichever is applicable.

For related party balances, the Group applies the forward-looking approach where the recognition of credit losses is no longer dependent on the Group initially identifying a credit loss event. Instead, the Group considers a wider range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and demonstrable expectations that affect the expected ability to collect future cash flows of the instrument.

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

###### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; Or it transfers the financial asset and all of the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liabilities for the amounts it may have to pay. If the Group retains substantially all of the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset and also recognizes a secured borrowing of the proceeds received.

###### **Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVTPL or at amortized cost using effective interest rate method.

###### **Accounts payable and other credit balances**

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

**3. Significant Accounting Policies (continued)**

**3.5. Financial instruments (continued)**

**Financial liabilities (continued)**

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the obligation against the liability is 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 financial liability are substantially modified. The exchange or variation is treated as a derecognition of the asset liability and recognition of a new liability, and the difference between the relevant carrying amount is recognized in the consolidated statement of profit or loss and other comprehensive income.

**3.6. Offsetting of financial assets and liabilities**

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

**3.7. Provisions**

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

**3.8. Provision for staff indemnity**

The provision for end-of-service benefits is calculated based on the accumulated service periods of employees at the date of the financial position in accordance with the provisions of the Kuwaiti Labor Law for the private sector. This unfunded liability represents the amount due to each employee in the event of termination of his services at the end of the reporting period and approximates the present value of the final indebtedness.

**3.9. Borrowing costs**

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

**3.10. Contingent liabilities**

Contingent liabilities are not recognized in the consolidation financial statements but disclosed except when the possibility of an outflow of economic losses is remote.

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

**3.11. Equity and reserves**

Share capital represents the nominal value of equity shares issued.

The mandatory reserve represents amounts transferred from the annual net profit to this account in accordance with the requirements of the provisions of the Group's Articles of Association and the Companies Law No. 1 of 2016 and its executive regulations and their amendments.

Accumulated losses represent the current year's profit and profits and losses from previous years.

### **3. Significant Accounting Policies (continued)**

#### **3.12. Investment properties**

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

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

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

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

#### **3.13. Properties held for trading**

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading is charged to other operating expenses.

**3. Significant Accounting Policies (continued)**

**3.14. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)**

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates, transfer to statutory reserve, and any accumulated losses. No KFAS has been provided for since there was no KFAS has been provided for since there was no taxable profit on which KFAS could be calculated for the year ended 31 December 2025.

**3.15. National Labor Support Tax (NLST)**

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and after deducting the Parent Company's share of profit from associates and subsidiaries listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations.

**3.16. Zakat**

Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Group's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations.

**3.17. Foreign currencies**

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at FVTPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in the consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### **3. Significant Accounting Policies (continued)**

#### **3.18. Sector information**

A segment is a separate component of the Group that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision maker, who is the person responsible for allocating resources, assessing performance and making strategic decisions about the operating segments.

#### **3.19. Revenue recognition**

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

The Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determine the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenues when/as performance obligation(s) are satisfied

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

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

The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The group performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The group performance does not establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. The following items should be considered by the Group whether or not control over the assets is transferred:

- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

The Group's revenues are as follows:

#### **Rental income**

Rental income from operating leases is recognized on a straight-line basis over the term of the lease.

#### **Other revenues and expenses**

Other income and expenses are recognized on an accrual basis.

### **3. Significant Accounting Policies (continued)**

#### **3.20. Leases Contracts**

##### **The Group as a lessor**

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

##### **Operating lease contract**

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

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

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognizes right-of use assets and the lease liabilities regarding all lease arrangements when it acts as the lessee.

##### **Short-term leases and leases of low-value assets**

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

#### **4. Significant Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the Group accounting policies, which are described in Note 3 management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on the management's previous experiences and other relevant internal and external factors. Actual results may vary from these estimations.

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

##### **Significant management judgments**

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

##### Useful life of property and equipment

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

##### Classification of financial instruments

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

#### **4. Significant Accounting Judgments and Key Sources of Estimation Uncertainty (continued)**

##### **Significant management judgments (continued)**

###### Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in (Note 3.19) are met requires significant judgment.

###### Leases

Significant opinions on requirements for applying IFRS 16 include, among others, the following:

- Determine whether the contract (part thereof) contains a lease.
- Determine whether it is reasonably certain that extension or termination option will be exercised
- Classification of lease agreements (when the entity is the lessor).
- Determine whether the variable payments are substantially fixed.
- Determine whether there are multiple leases in the arrangement.
- Determine the sale price of leased and non-leased items.

###### Material Non-Controlling Interests

The Group's management considers any non-controlling interest of 5% or more of the relevant subsidiary's equity to be material. Disclosures relating to these non-controlling interests are presented in Note No. (14).

###### Contingent liabilities

Contingent liabilities are possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Group management. The Group recognizes provisions for contingent liabilities when the loss therefrom is considered possible and can be reliably measured. In determining whether or not such provisions shall be recognized as well as the related amounts requires the exercise of significant management judgment. The Group uses the principles and criteria established within International Financial Reporting Standards and best practices prevailing within the industry in which it operates in making such judgments.

##### **Estimation uncertainty**

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

###### Impairment of non-financial assets

The Group management estimates whether there is an indication to impairment of non – financial assets. The recoverable amount of an asset is determined based on “value in use method”. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

###### Valuation of investment properties

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

A basic method was used to determine the fair value of investment properties:

Comparative market prices, which are based on estimates made by an independent real estate appraiser by referring to recent actual transactions between other parties for properties similar in location and condition, and based on the knowledge and experience of that independent real estate appraiser.

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**4. Significant Accounting Judgments and Key Sources of Estimation Uncertainty (continued)**

**Estimation uncertainty (continued)**

Valuation of properties held for trading

Properties held for trading purposes are stated at the lower of cost or net realizable value. The net realizable value of completed properties is assessed by reference to prevailing market factors and prices as at the date of the consolidated financial statements, which are determined by the Group based on comparative transactions for other properties in the same geographical sector and of a similar category.

Leases

The main items of estimation uncertainty for application of IFRS 16 include the following:

- Assessment of the lease term.
- Determination of the proper discount rate for the lease payments.
- Assessment whether right-of use assets have impaired.

**5. Investment properties**

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance at beginning of the year	8,593,693	7,499,962
Change in fair value	566,364	575,264
Foreign currency translation differences	(149,947)	518,467
Balance at end of the year	<u>9,010,110</u>	<u>8,593,693</u>

Investment properties of the Group are located in the Arab Syrian Republic.

The fair value of investment properties as at 31 December 2025 has been arrived at on the basis of the evaluations prepared by an external independent evaluator with experience and professional competence using recognized valuation principles and methods.

The fair value of investment properties was determined based on the evaluation principles - comparative market prices - "level two", taking into account the nature of the use of these investment properties.

**6. Financial assets at fair value through statement of other comprehensive income**

	<u>2025</u>	<u>2024</u>
	KD	KD
Foreign quoted shares	3,964,566	2,073,225
Local unquoted shares	227,914	196,955
Foreign unquoted shares	644,594	644,594
	<u>4,837,074</u>	<u>2,914,774</u>

The movement on financial assets at fair value through the statement of other comprehensive income during the year is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance at beginning of the year	2,914,774	2,112,794
Change in fair value	1,922,300	801,980
Balance at end of the year	<u>4,837,074</u>	<u>2,914,774</u>

The fair value of the financial assets at fair value through the statement of other comprehensive income was reached in accordance with the evaluation principles as shown in Note No. (20).

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**7. Properties held for trading**

The balance of this item represents the cost of purchasing real estate for the purpose of resale. The real estate is managed by a real estate company, and the net rents of those real estate are included in the consolidated statement of profit or loss. The Group evaluates them at the end of each year based on independent external evaluators with experience and professional competence, using generally accepted evaluation principles and methods - income approach - the "third level" and taking into account the nature of the use of these properties. It was found that there is no decrease in the value required to be recorded for these properties.

**8. Cash and cash equivalent**

	<u>2025</u>	<u>2024</u>
	KD	KD
Term deposit	58,155	57,684
Cash at banks	473,966	366,875
Cash on hand	2,589	4,353
	<u>534,710</u>	<u>428,912</u>

**9. Capital**

The capital consists of KD 17,627,690 authorized, issued and fully paid 176,276,900 shares with a nominal value of 100 fils per share (2024: KD 17,627,690 authorized, issued and fully paid 176,276,900 shares with a nominal value of 100 fils per share) and all shares are paid in cash.

**10. Statutory reserve**

In accordance with the requirements of the Companies Law and the parent company's bylaws, 10% of the profit for the year attributable to the shareholders of the parent company before calculating the share of the Kuwait Foundation for the Advancement of Sciences, the national labor support tax and zakat is transferred to the mandatory reserve. The parent company may stop this transfer when the reserve balance exceeds 50% of the capital. the money. This reserve is not distributable except in cases stipulated by the law and the parent company's articles of association. The transfer to the statutory reserve account was not made due to accumulated losses.

**11. Accounts payable and other credit balances**

	<u>2025</u>	<u>2024</u>
	KD	KD
Trade payables	224,013	224,013
Accrued dividends	16,490	19,465
National Labour Support Tax	17,020	24,364
Zakat	5,193	5,023
Other credit balances	14,860	22,022
	<u>277,576</u>	<u>294,887</u>

**12. Foreign exchange (loss) / gain**

This item represents the results of revaluation of amounts in Syrian pound for one of the group's subsidiaries, "Syrian Kuwait Limited Company", as a result of the changes in the exchange rates of the Syrian pound against foreign currencies.

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**13. Basic and diluted earnings per share attributable to shareholders of the Parent Company**

Earnings as per share has been calculated by dividing the net profit for the year attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	<u>2025</u>	<u>2024</u>
Net profit for the year attributable to the shareholders of the Parent Company (Kuwaiti Dinars)	189,552	482,964
Weighted average number of shares outstanding and paid up (share)	176,276,900	176,276,900
Basic and diluted earnings as per share attributable to shareholders of the Parent Company (Fils)	<u>1.08</u>	<u>2.74</u>

**14. Principal subsidiaries with major non - controlling interests which are material to the Group**

Company name	Country of incorporation	Main Activities	Ownership interest held by the Group		Carrying value of NCI	
			2025	2024	2025	2024
Al-Naser Gardens Holding Company – K.S.C (Holding)	Kuwait	Holding	%39.1	%39.1	3,915,841	3,731,660

The following is a summary of the financial statements of the principal subsidiary with major non-controlling interests which are material to the Group:

	<u>2025</u>	<u>2024</u>
<u>Summary of the consolidated statement of financial position:</u>	KD	KD
Current assets	3,023,837	2,957,702
Non-current assets	6,944,722	6,633,059
Current liabilities	(7,635)	(110,327)
	9,960,924	9,480,434
Add: non-controlling interests	60,910	70,025
Net assets	<u>10,021,834</u>	<u>9,550,459</u>
Net assets attributable to owners of the Parent Company	<u>6,105,993</u>	<u>5,818,799</u>
Net assets attributable to non-controlling interests	<u>3,915,841</u>	<u>3,731,660</u>
	<u>2025</u>	<u>2024</u>
<u>Summary of the consolidated statement of profit or loss:</u>	KD	KD
Income	319,901	878,024
Expenses	(28,018)	(21,629)
Profit for the year	<u>291,883</u>	<u>856,395</u>
Profit for the year attributable to owners of the parent company	<u>177,835</u>	<u>521,775</u>
Profit for the year attributable to non-controlling interests	<u>114,048</u>	<u>334,620</u>

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**15. Related parties' transactions**

Related parties represent the shareholders of the Group who have representation on the Board of Directors, members of the Board of Directors, senior management personnel, their close family members and companies owned by them. In the normal course of business and with the approval of the Group's management, transactions with those parties during the year ended on 31 December 2025. The following are the significant transactions and balances with related parties:

	<u>2025</u>	<u>2024</u>
	KD	KD
<b>Balances in consolidated statement of financial position</b>		
Key management compensation	6,278	5,652
	<u>2025</u>	<u>2024</u>
	KD	KD
<b>Transactions in the consolidated statement of profit or loss</b>		
Key management compensation	34,200	34,200

These transactions with related parties are subject to the approval of the general assembly of shareholders of the parent company.

**16. Operating segments**

The management has determined the operating segments based on the reports submitted to the Board of Directors for the purpose of making strategic decisions.

The following is a summary of the activity of each of the Group's sectors to be reported:

- Investment: includes the Group's activities related to trading in securities and investment.
- Real estate: includes real estate trading, development and management.

	<b>2025</b>		
	<u>Investment</u>	<u>Real estate</u>	<u>Total</u>
	KD	KD	KD
Sector revenue	(376,898)	839,768	462,870
Sector expenses	(115,680)	(31,123)	(146,803)
Sector results	<u>(492,578)</u>	<u>808,645</u>	<u>316,067</u>
Sector assets	<u>4,895,229</u>	<u>13,560,265</u>	<u>18,455,494</u>
Sector liabilities	<u>283,521</u>	<u>7,505</u>	<u>291,026</u>
	<b>2024</b>		
	<u>Investment</u>	<u>Real estate</u>	<u>Total</u>
	KD	KD	KD
Sector revenue	143,453	834,280	977,733
Sector expenses	(122,992)	(23,965)	(146,957)
Sector results	<u>20,461</u>	<u>810,315</u>	<u>830,776</u>
Sector assets	<u>2,972,458</u>	<u>13,024,614</u>	<u>15,997,072</u>
Sector liabilities	<u>297,407</u>	<u>10,094</u>	<u>307,501</u>

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**16. Operating segments (continued)**

The following is the geographical distribution of assets and liabilities:

	2025		
	Kuwait	Syria	Total
	KD	KD	KD
Assets	4,866,220	13,589,274	18,455,494
Liabilities	291,026	-	291,026

	2024		
	Kuwait	Syria	Total
	KD	KD	KD
Assets	4,724,152	11,272,920	15,997,072
Liabilities	307,454	47	307,501

**17. Developments in the Arab Republic of Syria**

The Group's assets located in the Syrian Arab Republic amounted to KD 13,589,274 as of 31 December 2025, representing approximately 74% of the Group's total assets (KD 11,272,920 as of 31 December 2024, representing approximately 70% of the Group's total assets).

The management of the Group has assessed that the future political and economic events is unlikely to have any material effect on the carrying value of these assets except for the current effect, taking into consideration that these assets are recorded at its fair values which reflect the impact of the current circumstances. In addition, there are no restrictions on the disposition of these assets.

The Group's management believes that the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" has no material impact on the financial statements of the subsidiaries in the Syrian Arab Republic taking into consideration the above, in additional, most of the long-term assets have been transferred and registered in these companies, so as to reflect the effect of changes in currency rates.

**18. The General Assembly of the Shareholders of the Parent Company**

As on 20 May 2025, the general ordinary assembly meeting of the shareholders of the Parent Company approved the consolidated financial statements for the financial year ended on 31 December 2024 and approved the Board of Directors' recommendation not to distribute dividends and not to pay Board of Directors remunerations for the financial year ended on 31 December 2024.

As on 21 May 2024, the general ordinary assembly meeting of the shareholders of the Parent Company approved the consolidated financial statements for the financial year ended on 31 December 2023 and approved the Board of Directors' recommendation not to distribute dividends and not to pay Board of Directors remunerations for the financial year ended on 31 December 2023.

**19. Financial Risk**

**Financial risk**

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

**19. Financial Risk (continued)**

**Financial risk (continued)**

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. Market risk is divided into foreign currency risk, profit rate risk and equity price risk. No changes were made in the risk management objectives and policies during the years ended 31 December 2025 and 31 December 2024.

The Group's management bears the main responsibility for developing risk management policies and strategies.

**Categories of financial instruments**

	<u>2025</u>	<u>2024</u>
	KD	KD
<b>Financial assets</b>		
Financial assets at fair value through the statement of other comprehensive income	4,837,074	2,914,774
Accounts receivable and other debit balances	122,850	108,943
Cash and cash equivalents	534,710	428,912
<b>Financial liabilities</b>		
Accounts payable and other credit balances	277,576	294,887

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

**Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of debit balances on an ongoing basis. The Group limits its credit risk with regard to bank balance by only dealing with reputable banks. In addition, debit balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is insignificant .

*Maximum credit risk exposure*

The Group's exposure to credit risk from financial assets arises from default of the counterparty. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in the value. The maximum exposure to credit risk is the carrying amount of the financial assets, which is stated in the consolidated statement of financial position.

*Risk of impairment of financial assets*

Financial assets exposed to impairment include "cash at banks", "receivables and other debit balances".

*Accounts receivable and other debit balances*

The Group adopts the simplifies approach in accordance with IFRS 9 to measure ECLs through using provision for ECLs based on the period of ECLs for all receivables.

Receivables are consolidated based on characterizations of the mutual credit risk and its maturity in order to measure ECLs. Accordingly, the Group's management believes that ECLs rate on receivables represent a reasonable approximation of actual results of customer default in the subsequent periods.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators include lack of a reasonable expectation of recovery, among other matters, e.g. the failure of the customer to subscribe to a payment plan with the Group and lack to make contractual payments for more than 365 days.

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**19. Financial Risk (continued)**

**Credit risk (continued)**

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

While other receivables and due from related parties are also subject to the credit loss requirements in IFRS 9, the impairment loss is not material.

**Term deposit and cash at banks**

Term deposit and bank balances are also subject to the requirements for credit losses contained in IFRS 9, as bank balances are deposited with financial institutions with a high credit rating. Accordingly, the group's management believes that the impairment loss in the value of bank balances is immaterial.

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

	<u>2025</u>	<u>2024</u>
	KD	KD
Accounts receivable and other debit balances	122,850	108,943
Term deposit and cash at banks	532,121	424,559
	<u>654,971</u>	<u>533,502</u>

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter the difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, valid and available bank credit lines and matching the maturity profiles of financial assets and liabilities.

As at 31 December 2025 and 2024, the carrying amount of the Group's liabilities with maturity less than 12 months was not materially different from their contractual undiscounted figures.

**Maturity table for financial liabilities**

	<u>2025</u>	
	<u>From 3 to 12 months</u>	<u>Total</u>
	KD	KD
Accounts payable and other credit balances	277,576	277,576
	<u>277,576</u>	<u>277,576</u>
	<u>2024</u>	
	<u>From 3 to 12 months</u>	<u>Total</u>
	KD	KD
Accounts payable and other credit balances	294,887	294,887
	<u>294,887</u>	<u>294,887</u>

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**19. Financial Risk (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rate and equity price will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will change as a result of fluctuations in foreign exchange rates. The Group is exposed to foreign currency risk arising from transactions in currencies other than the Kuwaiti dinar. The Group can reduce its exposure to fluctuations in foreign exchange rates through its use of derivative financial instruments. The Group is keen to keep its net exposure to foreign currency risks at a reasonable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti dinar.

(ii) **Profit rate risk**

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Group is not exposed to profit rate risk since the assets and liabilities carry fixed profit rates.

(iii) **Equity price risk**

Equity price risk is the risk that the fair value of equity instruments declines as a result of changes in the level of equity indices and the value of individual stocks. To manage these risks, the Group diversifies the sectors invested in its investment portfolio, and monitors them on an ongoing basis.

The following statement shows the sensitivity of a reasonable change in equity indicators as a result of changes in the fair value of equity instruments to which the Group has significant exposure as at the date of the consolidated financial statements:

	<b>2025</b>	
	Change in the price of equity instruments KD	Impact on consolidated other comprehensive income KD
Financial assets at fair value through the statement of other comprehensive income	%5 +	241,854
<b>Total</b>		<b>241,854</b>
	<b>2024</b>	
	Change in the price of equity instruments KD	Impact on consolidated other comprehensive income KD
Financial assets at fair value through the statement of other comprehensive income	%5 +	145,739
<b>Total</b>		<b>145,739</b>

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**20. Fair value measurement**

The Group measures financial assets as financial assets at fair value through statement of other comprehensive income at the end of the reporting period.

Fair value represents the amount that could be received from selling an asset or could be paid to settle a liability through an arm's length transaction between market parties as of the measurement date. The fair value measurement is based on the assumption that the process of selling the asset or paying the liability is completed in one of the following ways:

- Through the main market for the asset or liability.
- Through the most profitable market for the asset or liability in the absence of a major market.

All assets and liabilities that are measured or disclosed at fair value in the consolidated financial statements are classified through a sequential measurement level based on the lowest significant input level relative to the fair value measurement as a whole as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (for example, price inputs).
- Level 3: Inputs derived from valuation techniques that include inputs for assets or liabilities that are not based on market data and are supported by identifiable sources (inputs not supported by identifiable sources).

The following table shows an analysis of items recorded at fair value, according to the level of the fair value hierarchy:

	<u>Fair value as at</u>		<u>fair value level</u>	<u>Valuation technique(s) and key input(s)</u>
	<u>2025</u>	<u>2024</u>		
<b>Financial assets</b>				
Financial assets at fair value through statement of other comprehensive income:				
Foreign quoted shares	3,964,566	2,073,225	Level 1	Closing price
Local unquoted shares	227,914	196,955	Level 2	Comparative market price
Foreign unquoted shares	550,642	550,642	Level 3	Discounted cash flows
Foreign unquoted shares	93,952	93,952	Level 3	Adjusted book value
<b>Total</b>	<u>4,837,074</u>	<u>2,914,774</u>		
<b>Non-financial assets</b>				
Investment properties	9,010,110	8,593,693	Level 2	Comparative market price