

**Consolidated Financial Statements
And
Independent Auditor's Report**

**MENA Real Estate Company – KSCP
and Subsidiaries**

**Kuwait
31 March 2025**

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
Year ended 31 March 2025

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Independent auditor's report

To the shareholders of
MENA Real Estate Company KSCP
Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of MENA Real Estate Company KSCP (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 March 2025 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, except for the effect of the matter described in the basis of qualified opinion section below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

As discussed in note 11 to the consolidated financial statements, an investment portfolio account of the Group, primarily comprising an investment classified as financial assets at fair value through comprehensive income with a fair value of KD 1,129,675 as of 31 March 2025, indicated a portfolio mortgage of KD 12.5 million. Furthermore, another investment portfolio account managed by the same portfolio manager, in which the Group's financial assets at fair value through profit or loss amounted to KD 527,381 and a cash balance of KD 116,875 (included in cash equivalents) as of 31 March 2025, also showed the same KD 12.5 million mortgage.

The management disputes the existence and validity of this mortgage, asserting that it is unauthorized. Legal action has been initiated against the unauthorized mortgage on the portfolio, and these legal proceedings are ongoing as of the reporting date. It was not possible to assess the impact of the aforementioned mortgage.

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), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report to the Shareholders of MENA Real Estate Company KSCP (continued)

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 matters described below as the key audit matters.

Valuation of investments held at fair value

The Group invests in various assets classes, of which 28.37% of the total assets represents investments which are carried at fair value and classified either as "Financial assets at fair value through profit or loss" or as "Financial assets at fair value through other comprehensive income". These investments are fair valued on a basis considered most appropriate by the management, depending on the nature of the investment, and the valuation is performed by the Group using the fair value hierarchy as detailed in Note 25.3. These investments are carried at fair value based on Level 3 valuations. Fair value measurement can be a subjective area and more so for the investments classified under level 3 since these are valued using inputs other than quoted prices in an active market. Given the inherent subjectivity in valuation of investments classified under level 3, we determined this to be a key audit matter. Refer to Notes 5.13, 11 and 25.2 for more information on fair valuation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Our audit procedures included, among others, understanding and reviewing the processes in place to measure the fair value of the investments. We agreed the carrying value of the investments to the Group's external valuations and where valuation techniques were used, we reviewed the appropriateness of estimates, assumptions and valuation methodology and obtained documentation and explanations to support the valuations.

Valuation of investment properties

The Group's investment properties represent 19.77% of the total assets and comprise of land and buildings located in Bahrain, Saudi Arabia and Turkey. The Group's policy is that property valuations are performed by external valuers, as detailed in Note 25.4. These valuations are based on number of assumptions, including estimated rental revenues, capitalization yields, historical transactions, market knowledge and occupancy rates. Given the fact that the fair value of the investment properties represents a significant judgement area and the valuations are highly dependent on estimates, we determined this to be key audit matter. Refer to Notes 5.10, 6.2.3, 12 and 25.4 for more information on the valuation.

Our audit procedures included, among others, understanding management's process for reviewing the work of the external valuers and their valuations. We reviewed the valuation reports from the external valuers and agreed them to the carrying value of the properties. We reviewed the appropriateness of the valuation methodologies, including discussions with the management on the estimates and assumptions used in determining the fair value of investment properties and the reasonableness of data used in the valuation.

Other information included in the Group's Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 auditors' 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.

Independent Auditor's Report to the Shareholders of MENA Real Estate Company KSCP (continued)

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

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

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

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

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

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

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

Independent Auditor's Report to the Shareholders of MENA Real Estate Company KSCP (continued)**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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

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

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

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

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 have obtained all the information and explanations required for the purpose of our audit and that the consolidated financial statements include all information required by the Companies Law No.1 of 2016, as amended, and its Executive Regulations, as amended, and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, and that an inventory was carried out in accordance with recognised procedures. To the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 March 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit 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 and its related regulations during the year ended 31 March 2025 that might have had a material effect on the business or financial position of the Parent Company.


Rabea Saad Al-Muhanna
License No. 152 A
Crowe Al-Muhanna & Co.

Kuwait
19 June 2025

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Statement of Financial Position as at 31 March 2025

		31 March 2025 KD	31 March 2024 KD
Assets	Notes		
Cash and cash equivalents	8	6,021,296	127,381
Accounts receivable and other assets	9	588,149	622,400
Properties under development	10	226,465	226,465
Financial assets at fair value through profit or loss		527,381	525,671
Financial assets at fair value through other comprehensive income	11	5,697,230	5,683,125
Investment properties	12	4,338,715	4,735,626
Investment in associates	13	4,545,425	4,157,622
Property, plant and equipment		2	158
Total assets		21,944,663	16,078,448
Liabilities and equity			
Liabilities			
Accounts payable and other liabilities	14	1,486,781	2,297,864
Islamic financing payables	15	1,695,882	1,695,882
Employees' end of service benefits		68,128	63,667
Total liabilities		3,250,791	4,057,413
Equity			
Share capital	16	19,000,000	13,702,257
Share premium	16	423,819	1,852,530
Treasury shares	17	-	(232,737)
Statutory reserve	18	-	1,842,003
Voluntary reserve	18	-	1,814,288
Foreign currency translation reserve		357,421	260,972
Fair value reserve		(753,524)	(778,340)
Accumulated losses		(1,236,586)	(7,319,003)
Total equity attributable to the owners of the Parent Company		17,791,130	11,141,970
Non-controlling interests		902,742	879,065
Total equity		18,693,872	12,021,035
Total liabilities and equity		21,944,663	16,078,448



Dr. Khaled Shojaa Alotaibi
Chairman



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MENA Real Estate

The notes set out on pages 10 to 41 form an integral part of these consolidated financial statements.

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Statement of Profit or Loss for the year ended 31 March 2025

	Notes	Year ended 31 March 2025 KD	Year ended 31 March 2024 KD
Revenue			
Income from investments	19	31,201	64,715
Changes in fair value of investment properties	12	(402,387)	6,166
Loss on sale of investment property		-	(186,017)
Share of results of associates	13	(15,877)	(80,654)
Rental income		211,852	210,292
Payables and accruals written off	20	1,074,817	-
Reversal of impairment loss on investment in associate	13	292,967	-
Other income		-	21,940
		<u>1,192,573</u>	<u>36,442</u>
Expenses and other charges			
Staff costs		(115,455)	(63,890)
Depreciation		(156)	(179)
General and administrative expenses		(263,179)	(251,474)
Impairment in value of investment in associate	13	-	(31,826)
Allowance for expected credit losses		(66,918)	-
Foreign exchange losses		(91,835)	(211,711)
		<u>(537,543)</u>	<u>(559,080)</u>
Profit /(loss) before NLST and Zakat		<u>655,030</u>	<u>(522,638)</u>
Provision for NLST		(15,831)	-
Provision for Zakat		(6,332)	-
Profit/(loss) for the year		<u>632,867</u>	<u>(522,638)</u>
Profit/(loss) for the year attributable to:			
Owners of the Parent Company		606,613	(246,550)
Non-controlling interests		26,254	(276,088)
		<u>632,867</u>	<u>(522,638)</u>
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	21	<u>3.19 Fils</u>	<u>(1.81) Fils</u>

The notes set out on pages 10 to 41 form an integral part of these consolidated financial statements.

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2025

	Year ended 31 March 2025 KD	Year ended 31 March 2024 KD
Profit/(loss) for the year	632,867	(522,638)
Other comprehensive income:		
<i>Items to be reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	104,583	98,798
Total other comprehensive income to be reclassified to consolidated statement of profit or loss in subsequent periods	104,583	98,798
<i>Items not to be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net changes in fair value of investments in equity instruments designated at FVOCI	14,105	(56,359)
Total other comprehensive income for the year	118,688	42,439
Total comprehensive income/(loss) for the year	751,555	(480,199)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Parent Company	727,878	(202,236)
Non-controlling interests	23,677	(277,963)
	751,555	(480,199)

The notes set out on pages 10 to 41 form an integral part of these consolidated financial statements

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Statement of Changes in Equity for the year ended 31 March 2025

	Equity attributable to the owners of the Parent Company										
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Foreign Currency translation reserve	Fair value reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 April 2024	13,702,257	1,852,530	(232,737)	1,842,003	1,814,288	260,972	(778,340)	(7,319,003)	11,141,970	879,065	12,021,035
Share of associate's equity adjustment - note 13	-	-	-	-	-	-	-	97,222	97,222	-	97,222
Profit for the year	-	-	-	-	-	-	-	606,613	606,613	26,254	632,867
Total other comprehensive income for the year	-	-	-	-	-	-	24,816	-	121,265	(2,577)	118,688
Total comprehensive income for the year	-	-	-	-	-	96,449	24,816	606,613	727,878	23,677	751,555
Capital increase and share premium – note 16	5,297,743	423,819	-	-	-	-	-	-	5,721,562	-	5,721,562
Sale of treasury shares	-	-	232,737	-	-	-	-	(130,239)	102,498	-	102,498
Transfer of reserves–note 22	-	(1,852,530)	-	(1,842,003)	(1,814,288)	-	-	5,508,821	-	-	-
Balance at 31 March 2025	19,000,000	423,819	-	-	-	357,421	(753,524)	(1,236,586)	17,791,130	902,742	18,693,872
Balance at 1 April 2023	13,702,257	1,852,530	(232,737)	1,842,003	1,814,288	169,815	(744,647)	(7,059,303)	11,344,206	1,157,028	12,501,234
Loss for the year	-	-	-	-	-	-	-	(246,550)	(246,550)	(276,088)	(522,638)
Total other comprehensive income/(loss) for the year	-	-	-	-	-	91,157	(46,843)	-	44,314	(1,875)	42,439
Total comprehensive income/(loss) for the year	-	-	-	-	-	91,157	(46,843)	(246,550)	(202,236)	(277,963)	(480,199)
Realized losses on FVOCI investments	-	-	-	-	-	-	13,150	(13,150)	-	-	-
Balance at 31 March 2024	13,702,257	1,852,530	(232,737)	1,842,003	1,814,288	260,972	(778,340)	(7,319,003)	11,141,970	879,065	12,021,035

The notes set out on pages 10 to 41 form an integral part of these consolidated financial statements.

MENA Real Estate Company – KSCP and Subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 March 2025

		Year ended 31 March 2025	Year ended 31 March 2024
		KD	KD
OPERATING ACTIVITIES	Notes		
Profit/(loss) for the year		632,867	(522,638)
Adjustments for:			
Distribution and dividend from financial assets at FVOCI	19	(29,491)	(31,701)
Unrealised income on financial assets at FVTPL	19	(1,710)	(1,454)
Change in fair value of investment properties	12	402,387	(6,166)
Loss on sale of investment property		-	186,017
Share of results of associates	13	15,877	80,654
Reversal of impairment loss on investment in associate		(292,967)	-
Provision for employees' end of service benefits		4,831	1,684
Depreciation		156	179
Allowance for expected credit losses		66,918	-
Payables and accruals written off	20	(1,074,817)	-
Impairment in value of investment in associate	13	-	31,826
		(275,949)	(261,599)
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(32,667)	618,335
Accounts payable and other liabilities		349,350	61,590
Employees' end of service benefits paid		(370)	(10,816)
Net cash flows from operating activities		40,364	407,510
INVESTING ACTIVITIES			
Proceeds on sale of investment property		-	1,534,470
Distribution and dividend from financial assets at FVOCI		29,491	31,701
Net cash flows from investing activities		29,491	1,566,171
FINANCING ACTIVITIES			
Proceeds from capital increase and share premium		5,721,562	-
Proceeds from sale of treasury shares		102,498	-
Movement in islamic financing payables		-	(1,942,469)
Net cash flows from/(used in) financing activities		5,824,060	(1,942,469)
Increase in cash and cash equivalents		5,893,915	31,212
Cash and cash equivalents at the beginning of the year		127,381	96,169
Cash and cash equivalents at the end of the year	8	6,021,296	127,381

The notes set out on pages 10 to 41 form an integral part of these consolidated financial statements

MENA Real Estate Company – KSCP and Subsidiaries
Notes to the Consolidated Financial Statements for the year ended 31 March 2025

1 Incorporation and activities

MENA Real Estate Company – KSCP (the Parent Company) was incorporated by agreement no. 1578/Vol 1 in 2004 as a Kuwaiti Shareholding Company in accordance with the Companies laws of the state of Kuwait. The Parent Company along with its subsidiaries are jointly referred to as " the Group". The Parent Company was listed on the parallel market of the Boursa Kuwait on 9 June 2008, and it was listed in the regular market of the Boursa Kuwait on 31 January 2010.

The main objectives of the Parent Company are as follows:

- Practicing all kinds of real estate activities including purchasing, selling and owning of real estates and land and developing them for the benefits of the Company inside and outside the State of Kuwait, also managing properties for others without breaching the articles stipulated in the existing laws that prohibit the trading in private residential plots as stipulated in those laws.
- Performing all kinds of real estate studies and investments.
- Importing and trading of construction materials and equipment related to the Company's activities.
- Performing all kinds of maintenance work including civil, mechanical, electrical and other works which protects buildings and construction related to these works.
- Managing of the real estates in favour of the Company or others inside and outside Kuwait.
- Performing cleaning work of buildings and real estate complexes in accordance with Company's activities.
- Conducting security and guarding services for all public and private buildings, also importing, selling and installing electronic security equipment, and all kinds of fire extinguishing equipment that are related to Company's activities.
- Buying and selling shares of companies similar to Company's business.
- The Company has right to get any agency which is related to its activities.
- Owning, managing, operating, investing and renting hotels, motels, clubs, hospitality, houses, rest houses, parks, gardens, restaurants, cafeteria, housing complexes, touristic and health resorts, entertainment and sports projects and shops at all level and grades including all main and auxiliary services and any other related services.
- Organising real estate exhibitions related to the Company's real estate projects.
- Establishing the real estate auctions in accordance with the Ministry rules.
- Owning and managing commercial shops and housing complexes.
- Establishing and managing the real estate investment funds (after the Capital Market Authority approval).
- Using the excess funds available to the Company by investing them in financial and real estate portfolios managed by specialized companies inside and outside Kuwait.
- Direct contribution in infrastructure projects for areas, housing and commercial and industrial projects under BOT system (build, operate, transfer) and managing real estate facilities under BOT system.

The objectives of the Parent Company shall be practiced according to Islamic Shari'a and any activity that will result in an interest-bearing transaction either directly or indirectly should not be carried out.

The Parent Company is allowed to conduct the above activities inside and outside the State of Kuwait by its own or as an agent for other parties. The Parent Company may have an interest or in any way associate itself with other bodies practising activities similar to its activities or which may assist the Parent Company in achieving its objectives in Kuwait and abroad, or may establish, participate in or acquire these bodies or have them affiliated to it.

MENA Real Estate Company – KSCP and Subsidiaries
Notes to the Consolidated Financial Statements for the year ended 31 March 2025

1 Incorporation and activities (continued)

The address of the Parent Company's registered office is PO Box 38381, Dahia Abdullah Al Salem 72254, State of Kuwait.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 19 June 2025. The General Assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets through profit or loss, financial assets at fair value through other comprehensive income ("financial assets at FVOCI") and other investment properties.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentation currency.

3 Statement of compliance

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

4 Changes in accounting policies

4.1 New standards, interpretations and amendments applied by the Group

The accounting policies used in preparing the consolidated financial statements are similar to those applied in the previous financial year ending 31 March 2024, except for changes resulting from the application of some new and amended International Financial Reporting Standard starting on 1 April 2024, as follows:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenant are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The adaption of this standard had no impact on the Group's consolidated financial statement.

Amendments to IAS 1 Presentation of Financial Statements— Classification of Liabilities with covenant

The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adaption of this standard had no impact on the Group's consolidated financial statement.

IAS 16 Amendments – Leases

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

The adaption of this standard had no impact on the Group's consolidated financial statement.

4 Changes in accounting policies (continued)

4.1 New standards, interpretations and amendments applied by the Group (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities, cash flows and exposure to the liquidity risk.

The adaption of this standard had no impact on the Group's consolidated financial statement.

4.2 Standards and amendments issued but not yet effective

The following amended standards, which apply to future financial periods beginning after the reporting date, were not applied early in the preparation of these financial statements.

Amendments to IAS 21 - Lack of Exchangeability

The International Accounting Standards Board has amended IAS 21 to add requirements to help specify how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. The amendment sets a framework within which the spot exchange rate at the measurement date can be determined using an unobservable exchange rate or any other estimation method.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2025, with early application permitted.

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.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

The IASB has amended IFRS 9 to clarify that financial assets with ESG-related features can qualify for the "solely payments of principal and interest" (SPPI) criterion, as long as their cash flows are not significantly different from comparable financial assets without such features. The amendments also provide guidance on when a financial asset or liability should be recognized or derecognized, ensuring consistency in financial reporting. Additionally, an exception has been introduced for financial liabilities settled through electronic payment systems, clarifying how these transactions should be accounted for.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2026, with early application permitted.

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.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that when an investor sells or contributes assets to an associate or joint venture, the recognition of gain or loss depends on whether the assets constitute a business as defined in IFRS 3 – Business Combinations. If the assets do not constitute a business, the gain or loss is recognized only to the extent of the investor's retained interest in the associate or joint venture. However, if the assets constitute a business, the gain or loss is recognized in full. These changes ensure consistency in financial reporting and reflect the economic substance of the transaction.

The implementation of these amendments has been postponed indefinitely.

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.

4 Changes in accounting policies (continued)

4.2 Standards and amendments issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces guidance on the classification of items in the statement of profit or loss, categorizing them into five key sections: operating, investing, financing, income taxes, and discontinued operations. These categories aim to provide a clearer structure for financial performance reporting and align with management-determined performance measures. The amendments require that totals, subtotals, and line items in interim financial statements and accompanying notes be clearly described to reflect their economic characteristics. Additionally, foreign currency differences must be classified within the same category as the revenue or expenses that caused them, ensuring greater transparency in financial reporting.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2027, with early application permitted.

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 19 – Reducing Subsidiary Disclosures

IFRS 19 allows eligible subsidiaries to apply IFRS standards with reduced disclosure requirements, simplifying financial reporting for subsidiaries that meet specific criteria. A subsidiary may choose to adopt IFRS 19 in its consolidated, separate, or individual financial statements, provided that it does not have public accountability at the reporting date. This means that only subsidiaries whose parent company prepares consolidated financial statements under IFRS can take advantage of these reduced disclosure requirements.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2027, with early application permitted.

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.

5 Material accounting policies

The material accounting policies and measurement bases adopted in the preparation of the consolidated financial statements are summarised below.

5.1 Basis of consolidation

The Group financials statements consolidate those of the Parent Company and all of its subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. 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. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements. 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 Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between 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. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

5 Material accounting policies (continued)

5.1 Basis of consolidation (continued)

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

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

5.2 Business combinations

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

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

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. 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 consolidated statement of profit or loss immediately.

5.3 Segment reporting

The Group activities are concentrated in real estate investments and geographically the Group activities are concentrated in two main segments: Domestic and International. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its 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.

5.4 Revenue

Revenue arises from investing and real estate activities.

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.

5 Material accounting policies (continued)

5.4 Revenue (continued)

The Group follows a 5-step process:

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

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

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 revenue from the following major sources:

5.4.1 Gain/(loss) from the sale of investment properties

Gain/(loss) from the sale of investment properties is recognised at the point in time when control of the asset is transferred to the purchaser.

5.4.2 Revenue from sale of developed properties

Revenue on sale of developed properties (residential villas) is recognised at the point in time when control of the properties is transferred to the customer. Control is transferred when notice is served to customer to take the possession of the property or on actual hand over to the customer.

5.4.3 Service income

Service income is recognised when related services are rendered.

5.4.4 Dividend income

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

5.4.5 Rental income

Rental income arising from investment properties is recognised as noted in Note 5.14.

5.5 Cost of sale of developed properties

Cost of sale of developed properties (residential villas) includes the cost of land and development costs. Development costs include the cost of design, infrastructure and construction. The cost of sales in respect of sale of residential villas is recognised on the basis of per square metre average cost. Per square metre average cost is derived from total saleable area and total cost.

5.6 Operating expenses

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

5.7 Finance costs

Finance costs are recognised in profit or loss on a time proportion basis taking into account the outstanding balance 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 borrowing cost 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.

5 Material accounting policies (continued)

5.8 Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life of 5 years.

The useful economic lives of property, plant and equipment are reviewed at the end of each year and revised where necessary.

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

5.9 Investment in associates

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

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

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

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

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

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

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.

5.10 Investment properties

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

Investment properties (including investment properties under construction) are initially recorded at cost. Subsequently, investment properties are remeasured at fair value. Changes in fair value are taken to the consolidated statement of profit or loss. Fair values are estimated based on valuation provided by independent real estate valuers.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

5 Material accounting policies (continued)

5.10 Investment properties (continued)

Transfers are made to or from investment property 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.

5.11 Properties under development

Properties under development represents properties under development/construction for trade, which are stated lower of cost or net realisable value. Cost includes the cost of construction, design and architecture, and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are accrued to property under development. Completion is defined as the earlier of the issuance of the certificate of practical completion, or when management considers the project to be completed. Net realisable value is estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale.

5.12 Impairment testing of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which these are largely independent cash inflows ((cash generating units). As a result, some areas are tested individually for impairment and some are tested at cash-generating unit level.

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 profit 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 loss is charged pro rata to the assets in the cash-generating unit. 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.

5.13 Financial instruments

5.13.1 Recognition, initial measurement and derecognition

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

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

- rights to receive cash flows from the assets have expired;
 - the Group has transferred its right to receive cash flows from the assets 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.

5 Material accounting policies (continued)

5.13 Financial instruments (continued)

5.13.1 Recognition, initial measurement and derecognition(continued)

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the assets, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

In that case the Group also recognised an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on a 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.

5.13.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets carried at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

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 (Note 5.13.3); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In this period presented, no such irrevocable designation has been made.

5.13.3 Subsequent measurement of financial assets

Financial assets at amortised cost

A financial asset is 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:

- **Cash and bank balances**

Cash and bank balances comprise cash on hand, cash balances in investment portfolio accounts, and balances in bank accounts.

- **Accounts receivables and other financial assets**

Accounts receivables are stated at original invoice amount less allowance for impairment.

Receivables which are not categorised under any of the above are classified as 'Other receivables//Other financial assets.

5 Material accounting policies (continued)

5.13 Financial instruments (continued)

5.13.3 Subsequent measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for a 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 investment in unquoted equity participation and debt instruments.

Financial assets at FVOCI

The Group's financial assets at FVOCI comprise of investments in managed portfolios and funds, equity shares (quoted shares and unquoted equity participation).

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

A financial asset is held for trading if:

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

Investments in equity instruments at FVOCI 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 cumulative changes in 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.

5.13.4 Impairment of financial assets

The Group computes expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Bank balances
- Cash balance in portfolio accounts
- Accounts receivables and other financial assets

The Group recognises ECL on balances with banks and other assets. Equity instruments are not subject to Expected Credit Losses.

Expected Credit Losses

The Group applies three stage approach to measuring expected credit losses (ECL) as follows:

5 Material accounting policies (continued)

5.13 Financial instruments (continued)

5.13.4 Impairment of financial assets (continued)

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL- not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but not credit impaired.

Stage 3: Lifetime ECL- credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Lifetime ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of impairment

At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Group also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

The Group has applied simplified approach to impairment for trade and other assets as permitted under the standard. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

5.13.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include Islamic financial payable and accounts payable and other liabilities.

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

Financial liabilities at amortised cost

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities other than at FVTPL into the following categories:

• **Islamic financial payables**

Islamic financial payables represent amount payable on deferred settlement basis. They are stated at the gross amount of the payable, net of deferred profit. Deferred payables are expensed on a time apportionment basis taking into account the profit rate attributable and the balance outstanding.

5 Material accounting policies (continued)

5.13 Financial instruments (continued)

5.13.5 Classification and subsequent measurement of financial liabilities (continued)

- *Accounts payable and other liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities".

All interest-related charges and, if applicable, changes in an instrument's fair value are reported in profit or loss, are included within finance costs or other income.

5.13.6 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 profit rate.

5.13.7 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.

5.13.8 Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.3.

5.14 Leases

The Group as a lessee

For any new contracts entered into on or after 1 January 2021, the group considers whether a contract is, or contains a lease.

A lease is defined as "a contract, or a 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.

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 statement of financial position measured as follows:

5 Material accounting policies (continued)

5.14 Leases (continued)

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.

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

Lease liability

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

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

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modifications, 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 of assets 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 lease 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 finance lease. All other leases are classified as operating lease.

When the Group is an intermediate lessor, its accounts for the head-lease and sub-lease as 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 costs 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 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.

5.15 Equity, reserves and dividend payments

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

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

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association.

Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinars.
- fair value reserve – comprises gains and losses relating to FVOCI investments.

5 Material accounting policies (continued)

5.15 Equity, reserves and dividend payments(continued)

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

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

5.16 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. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. 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. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.17 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 financial statements, but are disclosed when an inflow of economic benefits is probable.

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

5.18 Foreign currency translation

5.18.1 Functional and presentation currency

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

5.18.2 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 consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Translation difference on non-monetary asset classified as "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "financial assets at fair value through other comprehensive income" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

5 Material accounting policies (continued)

5.18 Foreign currency translation (continued)

5.18.3 Foreign operations

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

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

5.19 End of service indemnity

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

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

5.20 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, cash balance in portfolio accounts and bank balances.

5.21 Taxation

5.21.1 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. As per law, allowable deductions include cash dividends from listed companies which are subjected to NLST.

5.21.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

5.21.3 Zakat

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

For the year ended 31 March 2025, the Parent Company has no liability towards KFAS due to carried forwarded losses. Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.

5.22 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 judgement to the carrying amount of the asset or liability affected in future periods.

6 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgements

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

6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instrument sections in Note 5.13). This test includes judgment 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 been a change in business model and so a prospective change to the classification of those assets.

6.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

6.1.3 Classification of real estate

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

The Group classifies property as property under development if it is acquired with the intention of development with a view to sell or if an existing property is developed with a view to sell.

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

6.1.4 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.

6.1.5 Revenue recognition

Revenue is measured based on the consideration which the Group expects to be entitled in a contract and is recognised when it transfers control of a product or service to a customer. The determination of whether the revenue recognition criteria as specified under IFRS 15 and in the revenue accounting policy explained in Note 5.4 are met requires significant judgement.

6.2 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.

6.2.1 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.

6.2.2 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.

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6 Significant management judgements and estimation uncertainty (continued)

6.2.3 Revaluation of investment properties

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

6.2.4 Fair value measurement

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

6.2.5 Net realisable value of development properties

The Group carries its development properties at the lower of cost and net realisable value. In determining whether the impairment losses should be recognised in the consolidated statement of profit or loss, management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the selling proceeds are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development recognised within properties under development in the consolidated statement of financial position to net realisable value.

7 Subsidiary companies

7.1 The Group's consolidated subsidiaries are as follows:

	Country of incorporation	Percentage of ownership		Nature of business
		31 March 2025	31 March 2024	
Rasmal Holding Company – KSC (Holding)	Kuwait	78%	78%	Holding
Doha National General Trading and Contracting Co. – SPC	Kuwait	100%	100%	General Trading
Doha National for Land and Real Estate Company – SPC	Kuwait	100%	100%	Real estate
GDREC Real Estate Projects Company WLL*	Bahrain	100%	100%	Real estate
ADAMENA Real Estate Company TIC LTD STI	Turkey	100%	100%	Real estate

*1% of the legal ownership of GDREC Real Estate Projects Company WLL is still registered in the name of a third party. The management of the Group confirms that the Group controls 100% of the ownership and is working to get the 1% ownership registered in its name.

7.2 Subsidiaries with material non-controlling interests

The Group includes one subsidiary with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
Rasmal Holding Company-KSC(Closed) ("Rasmal")	21.61%	21.61%	26,254	(276,088)	902,742	879,065

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7 Subsidiary companies (continued)

Summarised financial information for the above subsidiaries, before intragroup elimination, is set out below:

	31 March 2025 KD	31 March 2024 KD
Total assets	8,694,554	9,042,587
Total liabilities	(4,516,548)	(4,974,160)
Equity attributable to the shareholders of the Parent Company	4,178,006	4,068,427
	Year ended 31 March 2025 KD	Year ended 31 March 2024 KD
Profit/(loss) for the year	121,505	(1,277,770)
Other comprehensive loss for the year	(11,926)	(8,678)
Total comprehensive income/(loss) for the year	109,579	(1,286,448)
-attributable to the shareholders of the Parent Company	85,902	(1,008,485)
-attributable to NCI	23,677	(277,963)
Net cash flow from operating activities	164	27,322
Net cash inflow	164	27,322

8 Cash and cash equivalents

	31 March 2025 KD	31 March 2024 KD
Cash in hand	4	59
Cash at banks	5,904,417	10,826
Cash at portfolio (refer note 11 b)	116,875	116,496
	6,021,296	127,381

9 Accounts receivable and other assets

	31 March 2025 KD	31 March 2024 KD
Financial assets		
Accounts receivable	100	6,511
Amount due from a property developer*	167,365	166,822
Receivables from sale of investments at fair value through other comprehensive income	356,686	356,686
Due from related party (note 24)	2,818	1,111
Other financial assets	107,980	80,314
	634,949	611,444
Provision for expected credit losses	(66,998)	-
	567,951	611,444
Non-financial assets		
Prepayments and other assets	20,198	10,956
	588,149	622,400

* This represents amount due from a property developer to a foreign subsidiary. During the year 2015, the Group has signed an agreement with the property developer to defer the payment for a longer term. The balance is due after one year and hence it has been classified as non-current asset at 31 March 2025 under maturity profile (Note 26.4).

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10 Properties under development

Properties under development relates to projects of development and construction of residential villas in Turkey which are for sale. The details are as follows:

	31 March 2025 KD	31 March 2024 KD
Carrying value at the beginning of the year	226,465	983,775
Transfer to investment properties (note 12)	-	(601,846)
Foreign exchange adjustment	-	(155,464)
	226,465	226,465

Properties under development have been revalued by an independent valuer as of 31 March 2025. As a result, there is no indication of impairment.

11 Financial assets at fair value through other comprehensive income

	31 March 2025 KD	31 March 2024 KD
Local unquoted shares	1,399,524	1,442,628
Foreign unquoted shares	4,297,706	4,240,497
	5,697,230	5,683,125

- (a) The above investments in equity instruments are held for medium to long term strategic purpose. Accordingly, the Group has elected to designate these investments in equity instruments as at FVOCI as it believes that recognising short term fluctuations in the fair value of these investments in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these investments for long term purposes and realising their performance potential in the long run.
- (b) An investment portfolio account of the Group, primarily comprising an investment classified as financial assets at fair value through comprehensive income with a fair value of KD 1,129,675 as of 31 March 2025, indicated a portfolio mortgage of KD 12.5 million. Furthermore, another investment portfolio account managed by the same portfolio manager, in which the Group's financial assets at fair value through profit or loss amounted to KD 527,381 and a cash balance of KD 116,875 (included in cash equivalents) as of 31 March 2025, also showed the same KD 12.5 million mortgage. The management denies the existence and validity of such a mortgage. They assert that this mortgage is unauthorized, and legal action has been taken against the unauthorized mortgage placed on these portfolio accounts. Legal actions are ongoing as of the reporting date.

12 Investment properties

	31 March 2025 KD	31 March 2024 KD
Carrying value at beginning of the year	4,735,626	5,880,913
Transfer from property under development (note 10)	-	601,846
Disposal of investment properties	-	(1,774,501)
Change in fair value of investment properties	(402,387)	6,166
Foreign exchange adjustment	5,476	21,202
Carrying value at end of the year	4,338,715	4,735,626

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12 Investment properties (continued)

- (a) Investment properties with a carrying value of KD 1,763,086 as at 31 March 2025 (31 March 2024: KD 2,059,245) were pledged as collateral against Islamic financing facilities (refer to Note 15). Subsequent to the reporting date, in May 2025, the mortgaged properties were disposed of by the lending bank to recover the outstanding financing balance. Based on information obtained from the bank, the properties have been stated at their recoverable value.
- (b) The Group measures its investment properties at fair value annually based on valuations obtained from independent valuers (note 25).

All investment properties of the Group are located outside Kuwait.

13 Investment in associates

Details of the Group's associates at the end of the reporting period are as follows:

			31 March 2025		31 March 2024	
	Country of registration and place of business	Nature of business	Ownership percentage	Carrying value	Ownership percentage	Carrying value
Al Tamdeen Bahraini Real Estate Co.-BSC (Closed)("Tamdeen")	Kingdom of Bahrain	Real Estate	40%	2,691,176	40%	2,689,507
Capital Real Estate Projects Company - BSC(Closed)("CREPC")	Kingdom of Bahrain	Real Estate	40%	1,854,248	40%	1,468,114
Al Salbough Trading Company KSCP	State of Kuwait	General Trading	29.5%	1	29.5%	1
				4,545,425		4,157,622

The movement during the year is as follows:

	31 March 2025 KD	31 March 2024 KD
Balance at the beginning of the year	4,157,622	4,319,841
Share of results from associates	(15,877)	(80,654)
Reversal of impairment loss – (a) below	292,967	-
Share of associate's equity adjustment – (a) below	97,222	-
Impairment loss for an associate	-	(31,826)
Foreign exchange differences	13,491	(49,739)
Balance at the end of the year	4,545,425	4,157,622

- (a) During the year, the Group reassessed its investment in the associate Capital Real Estate Projects Company B.S.C. (Closed) following a restatement of the associate's financial statements. The restatement arose from a change in accounting policy related to the fair value measurement of investment properties, which resulted in a significant increase in the associate's retained earnings. As a result, the Group's share of the associate's net equity exceeded the carrying amount of the investment by KD 462,034. Based on the fair valuation of the investment, where fair value was considered equivalent to the realizable value due to immaterial cost of disposal, the Group determined that the previously recognized impairment provision of KD 292,967 should be fully reversed, and this reversal was recognized in the statement of profit or loss. Of the remaining difference, KD 97,222 was recognized directly in retained earnings, representing the Group's share in the restated equity not previously accounted for, and the balance amount of KD 71,845 was retained as an impairment provision reflecting the difference between the revised net asset value and the Group's valuation of the associate.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2025

13 Investment in associates (continued)

- (b) Summarised financial information in respect of each of the Group's material associates named above are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts).

	31 March 2025		31 March 2024	
	KD Tamdeen	KD CREPC	KD Tamdeen	KD CREPC
Total assets	6,730,154	4,819,806	6,724,320	4,410,858
Total liabilities	(2,214)	(24,354)	(552)	(26,241)
Net assets attributable to the shareholders of the associate	6,727,940	4,795,452	6,723,768	4,384,617
Loss for the year attributable to the shareholders of the associate	(17,609)	(21,990)	(17,883)	(54,075)
Total comprehensive loss for the year attributable to the shareholders of the associate	(17,609)	(21,990)	(17,883)	(54,075)
Net assets attributable to the shareholders of the associate	6,727,940	4,795,452	6,723,768	4,384,617
Proportion of the group's ownership interests in the associate	40%	40%	40%	40%
Carrying amount of associate before adjustments	2,691,176	1,926,093	2,689,507	1,761,081
Other adjustments *	-	(71,845)	-	(292,967)
Carrying value of the associate	2,691,176	1,854,248	2,689,507	1,468,114

* It represents provision for impairment of associate adjusted by the Parent Company and subsidiary in the current year and previous years.

14 Accounts payable and other liabilities

	31 March 2025 KD	31 March 2024 KD
Financial liabilities		
Accounts payable	911,150	1,677,251
Due to related parties (note 24)	197,688	24,897
Leave provision	30,259	16,364
Accrued expenses	333,509	565,177
Dividends payable	14,175	14,175
	1,486,781	2,297,864

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15 Islamic financing payables

	31 March 2025 KD	31 March 2024 KD
Due within one year	1,695,882	1,695,882
	1,695,882	1,695,882

As previously disclosed, the Group had an outstanding Islamic Tawarruq financing facility of KD 3,638,351 obtained through the acquisition of a subsidiary during the third quarter of 2018. The facility carried a profit rate of 4% above the Central Bank of Kuwait discount rate per annum and was repayable in annual instalments from 1 July 2018 to 1 July 2021. The instalments were not settled, and no finance cost has been accrued since 1 July 2018 in accordance with the nature of Islamic financing.

The facility was secured by two foreign investment properties held by an indirect subsidiary in the Kingdom of Bahrain. One of these properties, with a carrying value of KD 1,774,501 as of 30 November 2023, was sold by the lending bank during the prior year for KD 1,588,484. After adjusting for the sale proceeds and earlier bank account withdrawals, the remaining financing balance as at 31 March 2024 was KD 1,695,882.

As of 31 March 2025, the remaining mortgaged property was carried at KD 1,763,086, based on its recoverable value as determined by management using information obtained from the bank. Subsequent to the reporting date, and based on information obtained by the management from the bank, the remaining mortgaged property was disposed of by the bank in May 2025 to recover the outstanding balance of the financing. Accordingly, the Group considers the Islamic financing facility to be fully settled through the disposal of the pledged properties.

16 Share capital and share premium

- (a) As of 31 March 2025, the authorised, issued and fully paid share capital in cash of the Parent Company was made up of 190,000,000 shares of 100 fils each (31 March 2024: 137,022,565 shares of 100 fils each).

The Extraordinary General Assembly of the Parent Company convened on 30 December 2024 and approved an increase in the authorized, issued, and paid-up capital from KD 13,702,256.500 to KD 19,000,000.000. The increase included an issuance premium of 8 fils per share and was allocated to shareholders registered in the company's records as of the entitlement date. The Articles of Association and the Memorandum of Association were amended to reflect the revised capital structure, and the changes were duly registered with the Ministry of Commerce and Industry. The capital increase, including the share premium of 8 fils per share, was fully subscribed, allotted, and paid in cash.

- (b) Share premium is not available for distribution.

17 Treasury shares

	31 March 2025	31 March 2024
Number of shares	-	917,974
Percentage of issued shares	-	0.67%
Market value (KD)	-	37,637
Cost (KD)	-	232,737

Treasury shares held by the Group were disposed of during the year, and the difference between their carrying value and the proceeds was recognised in equity under accumulated losses.

MENA Real Estate Company – KSCP and Subsidiaries
Notes to the Consolidated Financial Statements for the year ended 31 March 2025

18 Statutory and voluntary reserves

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to the statutory reserve until balance reaches 50% of the Parent Company's issued and paid-up capital. Any transfer to the statutory reserve thereafter is subject to approval of the general assembly.

No transfers are required in a year in which the Parent Company has incurred a loss or where accumulated losses exist. Distribution of the statutory reserves is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year attributable to the owners of the Parent Company before contribution to KFAS, NLST, Zakat and Directors' remuneration is to be transferred to the voluntary reserve. The Parent's Company board of directors may resolve to discontinue such transfers. There are no restrictions on distribution of voluntary reserve provided the distribution is approved by the shareholder's general assembly. No such transfers are required in a year in which the Parent Company has incurred a loss or accumulated losses exist.

During the year, balances in statutory and voluntary reserves were closed and transferred to accumulated losses (refer Note 22).

19 Income from investments

	Year ended 31 March 2025 KD	Year ended 31 March 2024 KD
Dividends income:		
From financial assets at fair value through profit or loss	-	31,560
From financial assets at fair value through other comprehensive income	29,491	31,701
Unrealised gain on financial assets at fair value through profit or loss	1,710	1,454
	31,201	64,715

20 Payables and accruals written off

During the year, management identified certain balances in accounts payable amounting to KD 796,789 and accrued expenses of KD 278,028 (net of a new accrual of KD 73,047 for a claim payable) that no longer represent liabilities of the Group. Following a detailed assessment, these balances were derecognized and written off. Accordingly, a total amount of KD 1,074,817 was recognized in the statement of profit or loss under "Payables and accruals written off," as these amounts are no longer considered obligations of the Group.

The written-off accounts payable included an amount of KD 577,429 from one of the subsidiary companies, which was initially created as part of intercompany transactions with a corresponding receivable recorded in the Group's accounts. In prior periods, the receivable was fully provided for as a doubtful debt expense, while the liability remained on the accounts. During the current financial period, the Group's management determined that the liability was no longer enforceable or valid due to a lack of supporting documentation or evidence of a present obligation.

21 Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the earnings/(loss) for the year attributable to owners of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 March 2025	Year ended 31 March 2024
Earnings/(loss) for the year attributable to owners of the Parent Company (KD)	606,613	(246,550)
Weighted average number of shares outstanding during the year (excluding treasury shares)	190,000,000	136,104,591
Basic and diluted earnings/(loss) per share attributable to owners of the Parent Company	3.19 Fils	(1.81) Fils

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22 General assembly

The Annual General Assembly of shareholders held on 21 August 2024, approved the consolidated financial statements for the year ended 31 March 2024 and the directors' proposal not to distribute any dividends for the year then ended.

The Annual General Assembly approved the transfer of balances in the share premium KD 1,852,530, statutory reserve KD 1,842,003 and voluntary reserve KD 1,814,288 to accumulated losses, and after the transfer the remaining balance of accumulated losses was KD 1,810,182.

23 Segmental analysis

The Group's activities are concentrated in real estate investments and geographically the Group activities are concentrated in two main segments: Domestic and International. The following is the segments information, which conforms with the internal reporting presented to management.

31 March 2025

	Domestic KD	International KD	Total KD
Income	970,949	221,624	1,192,573
Profit for the year	450,295	182,572	632,867
Total assets	7,322,346	14,622,317	21,944,663
Total liabilities	(3,045,012)	(205,779)	(3,250,791)
Net assets	4,277,334	14,416,538	18,693,872
Depreciation	156	-	156
Share of results of associates	-	15,877	15,877
Reversal of Impairment loss on investments in associate	-	292,967	292,967

31 March 2024

Income	41,054	(4,612)	36,442
Loss for the year	(337,419)	(185,219)	(522,638)
Total assets	1,517,724	14,602,152	16,119,876
Total liabilities	(3,629,538)	(427,875)	(4,057,413)
Net (liabilities)/assets	(2,111,814)	14,174,277	12,062,463
Depreciation	179	-	179
Share of results of associates	51,323	29,331	80,654
Impairment of investments in associates	31,826	-	31,826

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Notes to the Consolidated Financial Statements for the year ended 31 March 2025

24 Related party transactions

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

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

	31 March 2025 KD	31 March 2024 KD
Balances included in the consolidated statement of financial position:		
Due from a related party (Note 9)	2,818	1,111
Provision for expected credit losses	(2,818)	-
	-	1,111
 Due to related parties (Note 14)	 197,688	 24,897
	Year ended 31 March 2025 KD	Year ended 31 March 2024 KD
Transaction included in the consolidated statement of profit or loss:		
Other income	4,200	12,900
General and administrative expenses	40,750	-
Compensation to key management personnel of the Group:		
Short-term benefits	47,100	33,600

25 Fair value measurement

25.1 Categories of financial assets and liabilities

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

	31 March 2025 KD	31 March 2024 KD
Financial assets:		
At Amortised cost:		
Cash and cash equivalents	6,021,296	127,381
Accounts receivable and other assets (note 9)	567,951	611,444
	6,589,247	738,825
 At Fair value:		
Financial assets at fair value through profit or loss	527,381	525,671
Financial assets at fair value through other comprehensive income	5,697,230	5,683,125
	6,224,611	6,208,796
Total financial assets	12,813,858	6,947,621
 Financial liabilities:		
At amortised cost:		
Accounts payable and other liabilities (note 14)	1,486,781	2,297,864
Islamic financing payables (note 15)	1,695,882	1,695,882
Total financial liabilities	3,182,663	3,993,746

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25 Fair value measurement (continued)

25.2 Fair value measurement of financial instruments

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 also measures financial instruments such as investment at fair value through profit or loss and financial assets at fair value through other comprehensive income at fair value and measurement details are disclosed in Note 25.3 to the consolidated financial statements. 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.

The Group also measures non-financial assets such as investment properties at fair value annually (refer note 25.4)

25.3 Fair value hierarchy for financial instruments measured at fair value

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 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 (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 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
31 March 2025				
Financial assets at fair value				
Financial assets at FVTPL				
Unquoted shares	-	-	527,381	527,381
Financial assets at FVOCI				
Unquoted shares	-	-	5,697,230	5,697,230
	<u>-</u>	<u>-</u>	<u>6,224,611</u>	<u>6,224,611</u>
31 March 2024				
Financial assets at fair value				
Financial assets at FVTPL				
Unquoted shares	-	-	525,671	525,671
Financial assets at FVOCI				
Unquoted shares	-	-	5,683,125	5,683,125
	<u>-</u>	<u>-</u>	<u>6,208,796</u>	<u>6,208,796</u>

Measurement at fair value

The Group's management performs valuations of financial instruments for financial reporting purposes, consulting with third-party valuation specialists for complex valuations when necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The Group's fair value financial assets consist of unquoted equity instruments, which are valued using Level 3 fair value measurements. The fair value financial assets were valued using appropriate valuation techniques, primarily involving a weighted average of net asset value, price-to-earnings ratio, and price-to-book ratio, with adjustments for illiquidity. For real estate-related investments, fair value was determined using the comparable sales method based on similar market transactions. Management ensured that the valuations reflect fair value using significant unobservable inputs and are classified under Level 3 of the fair value hierarchy.

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25 Fair value measurement (continued)

25.3 Fair value hierarchy for financial instruments measured at fair value (continued)

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2025 KD	31 March 2024 KD
Opening balance	6,208,796	6,263,701
Net changes in fair value recognised in profit or loss	1,710	1,454
Net changes in fair value recognised in other comprehensive income	14,105	(56,359)
Closing balance	6,224,611	6,208,796

25.4 Fair value measurement of non-financial assets

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

	31 March 2025 KD	31 March 2024 KD
	Level 3	Level 3
Investment properties:		
- Land in Bahrain	1,763,086	2,059,245
- Apartments units in KSA	1,065,902	1,131,437
- Villas in Turkey	1,509,727	1,544,944
	4,338,715	4,735,626

The fair value of the investment properties has been determined based on valuations obtained from independent valuers, except for land in Bahrain, which was valued based on its realisable value, reflecting the expected proceeds upon disposal. These valuers are specialists in valuing such types of investment properties. The significant inputs and assumptions were developed in close consultation with management, and the valuers primarily used three methods: the market comparison method, the future cash flows approach, and the capitalisation approach. Further information regarding the Level 3 fair value measurements is set out in the table below.

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
31 March 2025				
Lands in Bahrain	Realisable value based on expected disposal proceeds.	NA	NA	NA
Apartment units in KSA	Market comparison approach, future cash flows approach and capitalisation approach	Average monthly rent (per sq.m)	KD 43	The higher the rent per square meter, the higher the fair value
		Yield rate	15.2%	The higher the yield rate, the higher the value
		Vacancy rate	8%	The higher the vacancy rate, the lower the fair value

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25 Fair value measurement (continued)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Villas in Turkey	Market comparison approach	Comparable sales transactions and cost of similar completed properties	NA	Differences in property-specific characteristics, market conditions, and economic factors
31 March 2024				
Lands in Bahrain	Market comparison approach	Estimated market price for land (per sq. f)	KD 6.36	The higher the price per square feet, the higher the fair value
Apartment units in KSA	Market comparison approach, future cash flows approach and capitalisation approach	Average monthly rent (per sq.m)	KD 44	The higher the rent per square meter, the higher the fair value
		Yield rate	14.1%	The higher the yield rate, the higher the value
		Vacancy rate	11%	The higher the vacancy rate, the lower the fair value
Villas in Turkey	Market comparison approach	Comparable sales transactions	NA	Differences in property-specific characteristics, market conditions, and economic factors

26 Risk management objectives and policies

The Group's principal financial liabilities comprise "accounts payable and other liabilities" and "Islamic financing payables". The main purpose of these financial liabilities is to raise funds for Group operations. The Group has various financial assets such as "accounts receivable and other assets", "cash and cash equivalents", and "investment securities" which arise directly from operations.

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

The Parent Company's board of directors set out policies for reducing each of the risks discussed.

The Group does not use derivative financial instruments.

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

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26 Risk management objectives and policies (continued)

26.1 Market risk

a) Foreign currency risk

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

The Group mainly operates in Gulf Cooperation Council (GCC) countries and Turkey and as a result it is exposed to foreign currency risk resulting from changes in exchange rates of the US Dollar and Bahraini Dinar. The Group's consolidated statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Foreign currency risk is managed on the basis of limits determined by the Parent Company's Board of Directors and a regular assessment of the Group's open positions. The Group, where possible, matches currency exposures inherent in certain assets with liabilities in the same currency or correlated currency.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follow:

	31 March 2025 KD	31 March 2024 KD
Saudi Riyal	96,206	83,491
US Dollar	-	112,306
Bahraini Dinar	(249,362)	(268,193)

The Parent Company's management estimates that a reasonable possible change in the above exchange rate would be 2%.

If the Kuwaiti Dinar had strengthened against the foreign currencies by 2% (2024: 2%) then this would have the following impact on the loss for the year. There is no impact on the Group's other comprehensive income.

	Profit/(loss) for the year	
	31 March 2025 KD	31 March 2024 KD
Saudi Riyal	1,924	(1,670)
US Dollar	-	(2,246)
Bahraini Dinar	4,987	(5,364)
	6,911	(9,280)

If the Kuwaiti Dinar had weakened against the foreign currencies by 2% (2024: 2%) then there would be an equal and opposite impact on the profit/loss for the year.

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

b) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group does not have any significant profit earning assets/bearing liabilities, accordingly, the Group is not exposed to profit rate risk. The Group's Islamic financing payables are not exposed to profit rate risk since they pay/earn profit at fixed rates up to maturity.

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or to its issuer or factors affecting all instruments, traded in the market. The Group does not have any significant equity price risk with respect to its equity investments.

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26 Risk management objectives and policies (continued)

26.2 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 risks with individuals or groups of customers in specific locations or business through diversification of its activities.

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

	31 March 2025 KD	31 March 2024 KD
Cash at bank and portfolio balances	6,021,292	127,322
Accounts receivable and other assets (see note 9)	567,951	611,444
	<u>6,589,243</u>	<u>738,766</u>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the above Group's financial assets are secured by collateral or other credit enhancements.

The credit risk of bank balances and deposits with banks is considered negligible, since the counterparties are banks and financial institution with high credit quality.

26.3 Concentration of assets

The distribution of financial assets by geographic region was as follows:

	31 March 2025			31 March 2024		
	Kuwait KD	Outside Kuwait KD	Total KD	Kuwait KD	Outside Kuwait KD	Total KD
Cash and bank balances	6,019,270	2,026	6,021,296	125,275	2,106	127,381
Accounts receivable and other assets (note 9)	431,625	156,524	588,149	446,998	175,402	622,400
Financial assets at FVTPL	17	527,364	527,381	17	525,654	525,671
Financial assets at FVOCI	1,399,524	4,297,706	5,697,230	1,442,628	4,240,497	5,683,125
	<u>7,850,436</u>	<u>4,983,620</u>	<u>12,834,056</u>	<u>2,014,918</u>	<u>4,943,659</u>	<u>6,958,577</u>

26.4 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, Parent Company's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date except for investment properties, investments carried at fair value through profit or loss and fair value through other comprehensive income.

The maturity profile for investments carried at fair value through profit or loss, fair value through other comprehensive income investment properties is determined based on management's estimate of liquidation of those investments.

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26 Risk management objectives and policies (continued)

26.4 Liquidity risk (continued)

Maturity profile of assets and liabilities are as follows:

	31 March 2025			31 March 2024		
	Below 1 year KD	Over 1 year KD	Total KD	Below 1 year KD	Over 1 year KD	Total KD
Assets						
Cash and bank balances	6,021,296	-	6,021,296	127,381	-	127,381
Accounts receivable and other assets	420,784	167,365	588,149	455,578	166,822	622,400
Properties under development	226,465	-	226,465	226,465	-	226,465
Financial assets at FVTPL	527,381	-	527,381	525,671	-	525,671
Financial assets at FVOCI	-	5,697,230	5,697,230	-	5,683,125	5,683,125
Investment properties	-	4,338,715	4,338,715	-	4,735,626	4,735,626
Investment in associates	-	4,545,425	4,545,425	-	4,157,622	4,157,622
Property and equipment	-	2	2	-	158	158
	7,195,926	14,748,737	21,944,663	1,335,095	14,743,353	16,078,448
Liabilities						
Accounts payable and other liabilities	1,486,781	-	1,486,781	2,297,864	-	2,297,864
Islamic financing payables	1,695,882	-	1,695,882	1,695,882	-	1,695,882
Employees end of service indemnity	-	68,128	68,128	-	63,667	63,667
	3,182,663	68,128	3,250,791	3,993,746	63,667	4,057,413

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

	Up to 3 months KD	3-12 Months KD	Over 1 year KD	Total KD
31 March 2025				
Financial liabilities				
Accounts payable and other liabilities	92,600	1,245,300	148,881	1,486,781
Islamic financing payables	1,695,882	-	-	1,695,882
	1,788,482	1,245,300	148,881	3,182,663
31 March 2024				
Financial liabilities				
Accounts payable and other liabilities	143,174	1,924,640	230,050	2,297,864
Islamic financing payables	1,695,882	-	-	1,695,882
	1,839,056	1,924,640	230,050	3,993,746

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27 Capital management objectives

The Group's capital management objectives are to ensure that the Group maintains strong and healthy ratios in order to support its business and maximise shareholder value.

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

The capital structure of the Group consists of the following:

	31 March 2025 KD	31 March 2024 KD
Islamic financing payables (Note 15)	1,695,882	1,695,882
Less: Cash and bank balances	(6,021,296)	(127,381)
Net debt	(4,325,414)	1,568,501
Total equity	18,693,872	12,021,035

Consistent with others in the industry the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as gross debt divided by total equity as follows:

	31 March 2025 KD	31 March 2024 KD
Debt	1,695,882	1,695,882
Total equity	18,693,872	12,021,035
Debt to equity ratio	9.07%	14.1%

28 Asset swap agreement commitment

During the year ended on 31 March 2021, the Group's management committed to a plan to dispose of certain investment properties and investments at fair value through other comprehensive income of the Group and other assets, utilizing an asset swap agreement. The total value of the asset swap arrangement was KD 10,520,934. As per the arrangement, the penalty for not fulfilling the obligation under the asset swap arrangement, which mainly involved the transfer of assets to each party, was KD 12.5 million. Some of the assets under the swap arrangement have not yet been transferred by the Group to the other party due to a dispute between both parties. The new management of the Group has questioned the validity of the deal and its adverse effect on the Group. The matter is under litigation as of the reporting date.

29 Reclassification of comparative figures

Certain comparative figures for the previous year have been reclassified, wherever necessary, to conform with the presentation in the current year's consolidated financial statements. These reclassifications have no impact on the previously reported profit, total equity, or cash flows.

30 Legal cases

The Group is involved in legal proceedings, both as plaintiff and defendant. Significant cases relating to the asset swap agreement commitment and the investment portfolio mortgage are disclosed in Notes 28 and 11, respectively. Based on management's assessment and legal advice, the remaining legal matters are not expected to have a material impact on the Group's financial statements.