شركة السينما الكويتية الوطنية ش.م.ك
KUWAIT NATIONAL CINEMA COMPANY K.S.C.

**Kuwait National Cinema Company K.P.S.C**

**And its Subsidiaries**

State of Kuwait

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

**For the year ended 31 December 2024**

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

**Kuwait National Cinema Company K.P.S.C**

**And its Subsidiaries**

State of Kuwait

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

**For the year ended 31 December 2024**

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**Independent Auditor's Report to the Shareholders**

**Kuwait National Cinema K.P.S.C.**

State of Kuwait

**Report on the Audit of Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of the Kuwait National Cinema – K.P.S.C ("Parent Company") and its subsidiaries (referred collectively as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other 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 opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Revenue recognition – Movie Shows*<br>There is an inherent risk around the accuracy and timing of revenue recorded due to the complexity of the Information Technology (IT) environment used to manage the sale of tickets for movie shows. Application of the revenue recognition principles contained within IFRS 15 Revenue from Contracts with Customers results in revenue being recognized when the related movie show has been exhibited. Accordingly, we have identified revenue recognition from movie shows as a key audit matter.<br>The accounting policies for revenue recognition from movie shows are set out in note 2.3.13 and the details of revenue are disclosed in note 19 to the consolidated financial statements. | • We evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment as well as the controls specific to the recording of ticket sales and the recognition of related revenue to determine if they had been appropriately designed and implemented.<br>• We audited the reconciliation between revenue recorded in the accounting records and the cash receipts recorded in bank statements.<br>• We performed data analytic procedures by recalculating the revenue recognized based on the price Masterfile, and also to reconcile the amounts recorded in the books as ticket bookings, the amounts collected as reflected in the bank statements for the year and the amounts recorded in the accounting books.<br>• We performed substantive test of details and analytical procedures which included, but were not limited to, a monthly revenue analysis, an analysis of revenue per movie and the average ticket price.<br>We assessed the disclosures in the consolidated financial statements relating to revenue against the requirements of IFRS Accounting Standards. |

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**Independent Auditor's Report to the Shareholders (continued)**

**Kuwait National Cinema K.P.S.C.**

State of Kuwait

**Report on the Audit of Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Fair value of investment properties*<br>The Group's investment properties are carried at KD 89,832,940 in the consolidated statement of financial position as at 31 December 2024 and the net loss from change in fair value presented in the consolidated statement of income amounted to KD 433,434. The Group measures its investment properties at fair value with all fair value changes being presented in profit or loss.<br>The determination of fair value of these investment properties is based on valuations performed by external valuers using the capitalized income approach.<br>The valuation of the investment properties portfolio requires management to apply significant judgements and makes significant estimates. These include the forecast of discounted future cash flows analysis, the assessment of the expected remaining holding period, future rental rates and discount rates.<br>The valuation of the investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements and consequently, we have determined this to be a key audit matter.<br>Refer to note 6 in the consolidated financial statements for further details relating to this matter. | Our audit procedures included, inter alia, the following:<br>• We evaluated the controls related to the valuation of investment properties and determined that these controls had been designed and implemented.<br>• We assessed the external valuer's skills, competence, objectivity and independence and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes.<br>• We agreed the total valuation in the valuers report to the amount reported in the consolidated statement of financial position.<br>• We tested the data provided to the valuer by the Group, on a sample basis.<br>• We assessed, on a sample basis, whether the valuation of the properties was performed in accordance with the requirements of IFRS Accounting Standards .<br>• Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made.<br>• We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values.<br>• We reperformed the arithmetical accuracy of the determination of fair value. We assessed the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards. |

**Other Information**

Management is responsible for the other information. The other information consists of information included in the Annual Report of the Group for the year ended 31 December 2024, other than the consolidated financial statements and our auditor's report thereon. 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 Annual Report of 2024 after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Independent Auditor's Report to the Shareholders (continued)**

**Kuwait National Cinema K.P.S.C.**

State of Kuwait

**Report on the Audit of Consolidated Financial Statements (continued)**

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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**Report on the Audit of Consolidated Financial Statements (continued)**

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

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, actions taken to eliminate threats or safeguards applied.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No 1 of 2016 and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2024 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

**Bader A. Al-Wazzan**
Licence No. 62 A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 13 March 2025.

**Kuwait National Cinema Company K.P.S.C**
**And its subsidiaries**
State of Kuwait

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

**Consolidated Statement of Financial Position as at 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 24,167,765 | 26,656,518 |
| Investment properties | 6 | 89,832,940 | 90,266,374 |
| Right-of-use leased assets | 7 | 11,864,903 | 15,582,038 |
| Intangible assets | | 227,679 | 90,084 |
| Investment in an associate | 9 | 52,702,065 | 48,925,862 |
| Investments at fair value through other comprehensive income ("FVTOCI") | 10 | 7,300,597 | 6,664,310 |
| Trade and other receivables | | 843,446 | 843,446 |
| | | 186,939,395 | 189,028,632 |
| **Current assets** | | | |
| Inventories | | 658,561 | 666,091 |
| Trade and other receivables | | 774,828 | 779,597 |
| Cash and cash equivalents | 11 | 45,925,696 | 36,933,376 |
| | | 47,359,085 | 38,379,064 |
| **Total assets** | | 234,298,480 | 227,407,696 |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 12 | 10,106,250 | 10,106,250 |
| Treasury shares | 13 | (8,201,231) | (8,201,231) |
| Statutory reserve | 14 | 5,065,834 | 5,065,834 |
| Voluntary reserve | 15 | 17,980,964 | 16,590,250 |
| Other reserves | 16 | 22,335,285 | 20,686,182 |
| Retained earnings | | 45,348,095 | 40,759,546 |
| Equity attributable to shareholders of the Parent Company | | 92,635,197 | 85,006,831 |
| Non-controlling interests | | 14,802 | 15,125 |
| **Total equity** | | 92,649,999 | 85,021,956 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Trade and other payables | 17 | 7,887,178 | 11,334,400 |
| Lease liabilities | 8 | 25,312,733 | 26,472,308 |
| Loans and bank facilities | 18 | 67,774,750 | 56,910,250 |
| Post-employment benefits | | 1,699,987 | 1,598,876 |
| | | 102,674,648 | 96,315,834 |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 16,107,831 | 18,332,662 |
| Lease liabilities | 8 | 2,131,155 | 3,178,052 |
| Loans and bank facilities | 18 | 20,734,847 | 24,559,192 |
| | | 38,973,833 | 46,069,906 |
| **Total liabilities** | | 141,648,481 | 142,385,740 |
| **Total equity and liabilities** | | 234,298,480 | 227,407,696 |

The accompanying notes form an integral part of these consolidated financial statements.

**Abdulaziz Dawoud Marzouq Al-Marzouq**
Chairman

**Hisham Fahad Al-Ghanim**
Vice Chairman

**Consolidated Statement of Income for the year ended 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| Operating revenues | 19 | 37,728,966 | 29,699,843 |
| Operating costs | 20 | (24,242,901) | (21,980,670) |
| **Gross profit** | | 13,486,065 | 7,719,173 |
| Other operating income | 21 | 3,314,771 | 2,431,554 |
| Administrative and general expenses | | (2,363,515) | (2,110,584) |
| Other operating expenses | 21 | (721,352) | (709,967) |
| Change in fair value of investment properties | 6 | (433,434) | 774,956 |
| Dividends income | | 426,037 | 222,053 |
| Group's share of results of an associate | 9 | 5,681,169 | 5,516,166 |
| Finance costs | 22 | (5,479,922) | (2,812,854) |
| **Net profit before deductions** | | 13,909,819 | 11,030,497 |
| Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") | | (75,080) | (48,873) |
| National labor support tax ("NLST") | | (335,931) | (272,319) |
| Zakat | | (73,753) | (49,473) |
| Board of Directors' remuneration | 25 | (35,000) | (35,000) |
| **Net profit for the year** | | 13,390,055 | 10,624,832 |
| **Attributable to:** | | | |
| Shareholders of the Parent Company | | 13,387,378 | 10,621,759 |
| Non-controlling interest | | 2,677 | 3,073 |
| | | 13,390,055 | 10,624,832 |
| **Basic and diluted earnings profit per share (fils)** | 24 | 144.57 | 114.70 |

The accompanying notes form an integral part of these consolidated financial statements.

### Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

*(All amounts are in Kuwaiti Dinar)*

| | 2024 | 2023 |
|---|---|---|
| **Net profit for the year** | 13,390,055 | 10,624,832 |
| | | |
| **Other comprehensive income items:** | | |
| **Items that will not be reclassified subsequently to statement of income:** | | |
| Change in fair value on investments at FVTOCI | 746,301 | (675,042) |
| Group's share from change in fair value reserve of an associate | 339,812 | 313,832 |
| Gain on lands revaluation | 172,799 | 20,000 |
| | 1,258,912 | (341,210) |
| **Items that may be reclassified subsequently to statement of income:** | | |
| Group's share from foreign currency reserves of an associate | 5,222 | 1,717 |
| Foreign Exchange differences on translation of a subsidiary | 384,969 | 119,401 |
| | 390,191 | 121,118 |
| Total other comprehensive income /(loss)for the year | 1,649,103 | (220,092) |
| **Total comprehensive income for the year** | 15,039,158 | 10,404,740 |
| | | |
| **Attributable to:** | | |
| Shareholders of the Parent Company | 15,036,481 | 10,401,667 |
| Non-controlling interest | 2,677 | 3,073 |
| | 15,039,158 | 10,404,740 |

The accompanying notes form an integral part of these consolidated financial statements.

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY...

**Consolidated Statement of Changes in Equity for the year ended 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | Equity attributable to shareholders of the Parent Company | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Statutory reserve | Voluntary reserve | Other reserves (Note 16) | Retained earnings | Total | | |
| **Balance as at 1 January 2023** | 10,106,250 | (8,201,231) | 5,065,834 | 15,487,507 | 20,906,274 | 36,796,616 | 80,161,250 | 13,927 | 80,175,177 |
| Net profit for the year | - | - | - | - | - | 10,621,759 | 10,621,759 | 3,073 | 10,624,832 |
| Other comprehensive income items | - | - | - | - | (220,092) | - | (220,092) | - | (220,092) |
| Total comprehensive income for the year | - | - | - | - | (220,092) | 10,621,759 | 10,401,667 | 3,073 | 10,404,740 |
| Cash dividends (Note 25) | - | - | - | - | - | (5,556,086) | (5,556,086) | - | (5,556,086) |
| Cash dividends in subsidiaries | - | - | - | - | - | - | - | (1,875) | (1,875) |
| Transferred to reserves | - | - | - | 1,102,743 | - | (1,102,743) | - | - | - |
| **Balance as at 31 December 2023** | 10,106,250 | (8,201,231) | 5,065,834 | 16,590,250 | 20,686,182 | 40,759,546 | 85,006,831 | 15,125 | 85,021,956 |
| | | | | | | | | | |
| **Balance as at 1 January 2024** | 10,106,250 | (8,201,231) | 5,065,834 | 16,590,250 | 20,686,182 | 40,759,546 | 85,006,831 | 15,125 | 85,021,956 |
| Net profit for the year | - | - | - | - | - | 13,387,378 | 13,387,378 | 2,677 | 13,390,055 |
| Other comprehensive income items | - | - | - | - | 1,649,103 | - | 1,649,103 | - | 1,649,103 |
| Total comprehensive income for the year | - | - | - | - | 1,649,103 | 13,387,378 | 15,036,481 | 2,677 | 15,039,158 |
| Cash dividends (Note 25) | - | - | - | - | - | (7,408,115) | (7,408,115) | - | (7,408,115) |
| Cash dividends in subsidiaries | - | - | - | - | - | - | - | (3,000) | (3,000) |
| Transferred to reserves | - | - | - | 1,390,714 | - | (1,390,714) | - | - | - |
| **Balance as at 31 December 2024** | 10,106,250 | (8,201,231) | 5,065,834 | 17,980,964 | 22,335,285 | 45,348,095 | 92,635,197 | 14,802 | 92,649,999 |

The accompanying notes form an integral part of these consolidated financial statements.

**Kuwait National Cinema Company K.P.S.C**
**And its subsidiaries**
State of Kuwait

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

**Consolidated Statement of Cash Flows for the year ended 31 December 2024**

*(All amounts are in Kuwaiti Dinar)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net profit for year | | 13,390,055 | 10,624,832 |
| *Adjustments for:* | | | |
| Depreciation and amortization | | 2,377,005 | 2,915,298 |
| Impairment of property, plant and equipment and right of use assets | | 2,720,000 | 1,143,559 |
| Impairment of intangible assets | | 124,861 | 216,272 |
| Interest income | | (1,173,550) | (969,056) |
| Depreciation of right-of-use leased assets | 7 | 2,017,135 | 2,177,076 |
| (Profit)/loss on disposal of property, plant and equipment | | (616,052) | 32,709 |
| Dividends income | | (426,037) | (222,053) |
| Change in fair value of investment properties | 6 | 433,434 | (774,956) |
| Group's share of business results of an associate | 9 | (5,681,169) | (5,516,166) |
| Post-employment benefits | | 212,864 | 239,572 |
| Reversal of provision for expected credit losses | | (207,452) | (10,203) |
| Interest of lease liabilities | | 974,579 | 919,099 |
| Finance costs | 22 | 4,505,343 | 1,893,755 |
| Operating profit before changes in working capital | | 18,651,016 | 12,669,738 |
| Change in inventories | | 7,530 | 313,295 |
| Change in trade and other receivables | | 599,866 | (753,676) |
| Change in trade and other payables | | (5,763,288) | 4,002,396 |
| Cash generated from operating activities | | 13,495,124 | 16,231,753 |
| Post-employment benefits paid | | (111,753) | (146,970) |
| Net cash generated from operating activities | | 13,383,371 | 16,084,783 |
| | | | |
| **Cash flows from investing activities** | | | |
| Paid for purchase of property, plant and equipment | | (834,129) | (7,433,744) |
| Paid for acquisition of investment properties | | - | (11,541,626) |
| Paid for purchase of intangible assets | | (363,682) | (491,224) |
| Interest income received | | 1,173,550 | 969,056 |
| Time deposits | | (2,000,000) | - |
| Proceeds from sale of property, plant and equipment | | 815,954 | - |
| Proceeds from disposal of investments at FVTOCI | | 110,015 | 1,560,000 |
| Dividends received | | 2,676,037 | 2,022,053 |
| Net cash generated from/(used in) investing activities | | 1,577,745 | (14,915,485) |
| | | | |
| **Cash flows from financing activities** | | | |
| Net proceeds from borrowings and bank facilities | | 7,040,155 | 20,980,831 |
| Paid for finance costs | | (4,547,822) | (1,724,665) |
| Repayment of lease liabilities | | (2,206,472) | (1,865,354) |
| Repayment of interest of lease liabilities | 8 | (974,579) | (919,099) |
| Dividends paid | | (7,280,078) | (5,627,348) |
| Net cash (used in)/ generated from financing activities | | (7,968,796) | 10,844,365 |
| **Net change in cash and cash equivalents** | | 6,992,320 | 12,013,663 |
| **Cash and cash equivalents at the beginning of the year** | 11 | 36,937,818 | 24,924,155 |
| **Cash and cash equivalents at the end of the year** | 11 | 43,930,138 | 36,937,818 |

The accompanying notes form an integral part of these consolidated financial statements.

## 1. Incorporation and activities

Kuwait National Cinema Company "the Parent Company" was established as a Kuwaiti Shareholding Public Company in the State of Kuwait on 5 October 1954. The main objectives of the Parent Company are establishing, operating and utilizing cinemas inside and outside Kuwait, importing, producing and distributing movies of different genres and sizes, in addition to exporting, leasing and selling them to others. As well as, importing all machinery and equipment required for cinema industry and trading therein. The Parent Company's objectives also include trading in raw movies, tools of cinematography and projection, along with its furniture and in general, everything that would be involved or used in cinema industry. In addition, bidding for all tenders, government or private is also included within its objectives. The Parent Company has the right to deal with theatre groups, music and marching bands inside and outside the state of Kuwait in order to hold concerts and performances, on the condition that such concerts and performances should be held in accordance with the state's laws and regulations. The Parent Company has also the right to lease cinemas to government and private bodies as well as impresarios. In general, the Parent Company is specialized in everything related to cinema and its aspects of education, entertainment and intellectual activity inside and outside Kuwait. Utilizing financial surpluses available to the company through investing them in real estate and financial portfolios managed by specialized companies and entities. The Parent Company has the right to establish, operate and utilize theatres, import all machinery, equipment and devices required for this activity, utilize and lease shops, restaurants, coffee shops, fun games halls in cinema and theatre buildings, manage and operate the visual and audio media and carry out the activities of publishing, distribution and media. The Parent Company has the right to exercise its activities directly or by leasing to others or acting on behalf of others. The Parent Company may have an interest or participate in any way in any entity that conducts similar business, or which may help it achieve its objectives. The company has the right also to establish and participate such entities. The company has the right to manage, operate, and establish restaurants, coffee shops, and ready-made meals, own the movable assets and real estate necessary to carry out its activities within the limits permitted by law, as well as retail sales of gifts and accessories. The company carries out its all objectives inside and outside Kuwait.

The registered office of the Company is located at Old Khaitan area, Plot 9, Building 164, 2nd floor (office 1 & 2), P.O. Box 502 Safat, 13006 Safat, Kuwait.

These consolidated financial statements include the financial statements of the Parent Company and its following Subsidiaries (collectively "the Group").

| | Ownership Percentage (%) | Activity | Incorporation Country |
|---|---|---|---|
| International Film Distribution Company – K.S.C.C | 99.25 | Publishing and film distribution | Kuwait |
| Al Kout Film Production and Distribution Company – S.A.E | 100 | Production and film distribution | Egypt |

The Group have full control over its subsidiaries. There is no material non-controlling interest to be disclosed.

The consolidated financial statements were authorized for issuance by the Board of Directors of the Parent Company on 13 March 2025. The general assembly of the shareholders of the Parent Company has the authority to amend the consolidated financial statements.

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

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

These consolidated financial statements are prepared under the historical cost basis of measurement, except for investments property, lands and investments at fair value through statement of other comprehensive income that are measured at fair value, as explained in the accounting policies below. The accounting policies of the Group have been consistently applied to all years presented, except as stated in note 2.2 in relation to adoption of new and revised International Financial Reporting Standards.

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Group.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

### 2.2 New and revised accounting standards

### 2.2.1 Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled 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 and cash flows.

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

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in 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 covenants 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.

- *Amendments to IAS 1 Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- *Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback*

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

### 2.2.2 Standards issued but not yet effective

At the date of authorization of these Consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability | The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.<br><br>The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.<br><br>When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.<br><br>The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. | 1 January 2025 |
| Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments | These amendments:<br>• clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;<br>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;<br>• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and<br>• make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). | 1 January 2026 |

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| IFRS 18 Presentation and Disclosures in Financial Statements | IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.<br>IFRS 18 introduces new requirements to:<br>• present specified categories and defined subtotals in the statement of profit or loss<br>• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements<br>• improve aggregation and disaggregation.<br>• Management anticipates that the application of this standard will have an impact on the consolidated financial statements in future periods. | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.<br>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:<br>• it is a subsidiary (this includes an intermediate parent)<br>• it does not have public accountability, and<br>• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. | 1 January 2027 |

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application

## 2.3 Significant accounting policies

### 2.3.1 Basis of consolidation

**Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects it returns.

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

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date in which Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, revenues and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company's shareholders.

When the Group loses control of a subsidiary, a gain or loss resulted from derecognition is recognized in the statement of income and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest,
- The carrying amount of the assets before disposal (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**Business combinations**

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities, liabilities or equity instruments related to share-based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any interest acquired previously over the net of the asset acquired of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If the net of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the any interest acquired previously, the excess is recognized immediately in the consolidated statement of income as gain.

Non-controlling interests may be measured either at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value of such share. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the statement of income where such treatment would be appropriate if that interest were disposed off.

**Goodwill**

Goodwill, arising on an acquisition of subsidiaries, is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of any of the cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**2.3.2 Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The resulted assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "non- current assets held for sale and non-continuing operations.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred constructive obligations or made payments on behalf of the associates.

On acquisition of an associate, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities of the associate as at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment in the associates. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss in the associates. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the requirements of IAS 36 "Impairment of Assets".

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are disposed from the share of the Group in an associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of income (as a reclassification adjustment) when the associate is disposed of.

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

### 2.3.3 Property, plant and equipment

Property, plant and equipment, other than lands, are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance, repairs and immaterial renewal are recognized in the consolidated statement of income for the period in which the expenses are incurred.

Land is stated at fair value based on periodic valuations by independent real estate experts usually every three to five years or at early periods if significant or volatile change in fair value are experienced. Any valuation increase arising on revaluation of land is recognized directly in equity under revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed.

Decline in carrying amount arising as a result of the revaluation is directly charged to the consolidated statement of income to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation.

Depreciation is calculated based on estimated useful life of the applicable assets except for the lands on a straight-line basis. The carrying amount is written down immediately to its recoverable amount if the carrying amount of Property, plant and equipment is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

Projects under construction are included in property, plant and equipment until they are completed and ready for their intended use. At that time, they are reclassified under the appropriate category of assets and the depreciation is calculated since then.

### 2.3.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amounts paid as cost for purchasing films are capitalized within intangible assets and are amortized on the time periods according to the expected future benefits.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition are measured as the difference between the net proceeds and the carrying amount of the disposed asset and recognized in the consolidated statement of income.

### 2.3.5 Impairment of tangible and intangible assets other than goodwill

The Group annually, reviews the tangible assets and intangible assets to determine whether there is objective evidence that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses are recognized in the consolidated statement of income for the year in which they arise.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years

### 2.3.6 Investment properties

Investment properties are properties which have been acquired to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value by accredited independent valuers and the lowest valuation shall be considered. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of income in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognized.

Projects in progress intended to be used as investment properties shall be considered as investment properties and carried at cost. They are re-measured at fair value by accredited independent valuers and the lowest valuation shall be considered. In case there is no reliable method for measuring the fair value, projects in progress should be recognized at cost up to the shorter of development completion date or the date of reliable determination of its fair value.

### 2.3.7 Financial Instruments

**Recognition and derecognition**

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated Statement of income or in the consolidated Statement of income and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

A financial asset (in whole or in part) is de-recognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognized in the consolidated Statement of income.

**Classification and measurement of financial assets and financial liabilities**

*Financial Assets*

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except equity instruments and derivatives.

*The business model assessment:*

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

*Contractual cash flow assessment*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cashflows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:

- Amortized cost (AC)
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

***Amortized cost (AC)***

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognized in the consolidated Statement of income. Any gain or loss on derecognition is recognized in the consolidated Statement of income.

***Fair Value through Other Comprehensive Income (FVOCI)***

*Debt instruments at FVOCI*

The Group classifies debt instruments at FVOCI if it meets both of the following conditions: -

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognized in consolidated Statement of income. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to consolidated Statement of income.

*Equity instruments at FVOCI*

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognized in OCI. Dividends are recognized in consolidated Statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. (On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity).

***Fair Value Through Profit and Loss (FVTPL)***

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in the consolidated Statement of income. Interest income and dividends are recognized in the consolidated Statement of income according to the terms of the contract, or when the right to payment has been established.

**Impairment of financial assets**

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

**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 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 are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

**Stage 3: Lifetime ECL – credit impaired.**

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days, or if it is known that the counter party has any known difficulties in payment, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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 lifetime expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both lifetime 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.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group applies the simplified approach to recognize lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component are categorized under stage 2 and lifetime ECL is recognized.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for (AC).

### 2.3.8 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is determined based on the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

### 2.3.9 Post-employment benefits

The Group is liable under Kuwait Labor Law to make payments under defined benefit plans to employees upon termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

### 2.3.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a discount rate that reflects market's assessments and the time value of money and the risks specific to the obligation.

### 2.3.11 Treasury shares

Treasury shares represent the Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled till the date of the consolidated financial statements. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are reissued; gains resulted are recognized within a separate un-distributable account in equity "treasury shares reserve". Any realized losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings to reserves and then to premium. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

### 2.3.12 Foreign currencies

*Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

*Transactions and balances*

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the date of the consolidated financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
Foreign exchange gains or losses are resulted from the settlement of such transactions and from the translation at year-end in the consolidated statement of income.

*Group's entities*

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows (other than companies which are operating in high inflation countries):

- Assets and liabilities for each financial position statement are translated at the closing rate at the date of the financial statements.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

### 2.3.13 Revenues recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or point over time.
Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

- Revenues from movies shows are recognized at point in time, when the entity meets performance obligation and the customer has control over such service.
- Revenues from movies distribution are recognized at point over time, when the entity meets performance obligation through transferring the right of use promised to the customer.
- Revenues from foods and drinks goods are recognized at point in time, when the entity meets performance obligation and the customer has control over such goods.
- Revenues from consultancy contracts are recognized at point over time, when the entity meets performance obligation and the customer has control over such service.
- Other revenues are recognized at point in time or point over time, once such service is rendered or upon completing the service according to its nature.
- Revenues from dividends resulting from equity instruments designated at FVOCI in the statement of income, when the Company's right in receiving dividends, unless such dividends are represented clearly in redeeming a portion of investment cost.
- Interest income is recognized on a time proportion Using specific effective methods.
- Rental income is recognized according to Accounting Policy No. (2.3.14).

### 2.3.14 Accounting for Leases

***The Group as a lessee***

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs; and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognized as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

*Subsequent Measurement*

Generally, after the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss (Note 2.3.5).

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in consolidated statement of comprehensive income.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

***Where the Group is the lessor***

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

### 2.3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the consolidated statement of income in the year in which they are incurred.

Investment income which is generated from the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

### 2.3.16 Statutory deductions

*KFAS*

The Group calculates contribution to KFAS at 1% of profits in accordance with amended calculation based on a resolution of Foundation's BOD after disposal of transfer from net profit to Statutory reserve.

*NLST*

The Group calculates NLST in accordance with Law No. 19 of 2000 and Ministry of Finance's Resolution No. 24 of 2006 at 2.5% of taxable profit for the year. As per Law, cash dividends of listed companies subjected to NLST have to be deducted from the profit for the year to determine taxable income.

*Zakat*

Zakat is calculated at 1% of profits in accordance with the Ministry of Finance resolution No. 58 of 2007. Calculated Zakat is charged on the consolidated statement of income in accordance with these requirements.

## 3. Financial risk management

### 3.1 Financial risk

The Group's operations expose it to certain financial risks, market risks (which include foreign currency risks and risks of fair value resulting from change in interest rates, and risks of fluctuations in cash flows resulting from change in interest rates, and market prices risks) credit risk and liquidity risks.

The Group manages these financial risks, by the continuous evaluation of market conditions and its trends and the management's assessments of the changes for long-term and short-term market factors.

**Market risk**

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument due to changes in the market prices. Market risks include three types of risk: foreign currency risk, interest rate risk and price risk.

The Group's senior management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

*Foreign currency risk*

Foreign exchange risk is the risk that the fluctuations in the fair value or the future cash flows of a financial instrument as a result of changes in the Group's foreign exchange rates or the value of monetary assets and liabilities denominated in foreign currencies.

The Group is exposed to foreign currency risks resulted mainly from the Group's dealings with financial instruments denominated in foreign currency. Foreign currency risks are resulting from the future transactions on financial instruments in foreign currency as reflected in the consolidated financial statements.

The major transactions of the Group are in Kuwaiti Dinars. Financial assets in foreign currency are represented in certain receivables and bank current accounts. Financial liabilities in foreign currencies are represented in certain payables in foreign currencies.

The Group follows up the foreign currency risks through:

- Follow-up the changes in foreign currency exchange rates on regular basis
- Minimize dealing with financial instruments denominated in foreign currency and due to the main Group's activity.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

| | 2024 | 2023 |
|---|---|---|
| US Dollars | 19,483,473 | 16,787,867 |

Had the USD changed by 10% against the Kuwaiti Dinar, the consolidated financial statements of the Group would be changed as follows:

| | 2024 | 2023 |
|---|---|---|
| Net profit | 1,948,347 | 1,678,787 |

*Price risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risks and risks of interest rates). The Group is exposed to such risks as the Group owns investments classified in the consolidated financial position as investment at FVTOCI investments.

The Group's management monitors and manages such risks through: -

- Manage the Group's investments through portfolios managed by specialized portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and cash dividends and with well performing investment funds.
- Investments in unquoted shares and securities should be in companies that carry similar activities where such investments should be studied and approved by the senior management.
- Periodic follow-up of the changes in market prices.

As at 31 December 2024, a 5% change in the market price index, with all other variables held constant, would affect other comprehensive income due to changes in the fair value of financial assets classified as FVTOCI (Fair Value Through Other Comprehensive Income). The impact would be KD 343,502 as at 31 December 2024 ( KD 329,906 as at 31 December 2023) .

*Interest rate risks*

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

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to cash flow interest rate risks.

The financial Instruments held by the Group which are exposed to this risk are represented in loans and bank facilities (Note 20) because it carries variable interest rates.

As at 31 December 2024, had interest rates been 100 basic point higher/lower, interest charged of the year would have been lower/higher by KD 1,071,697 (KD 1,094,584 - 2023) approximately.

The Group's management monitors and manages such risks through:

- Regular follow-up of the market interest rates.
- Borrowings for short and long terms, which help mitigating interest rate risks.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Receivables, cash and cash equivalents are considered most of the assets exposed to credit risk. The Group monitors and manages this risk by:

- Dealing with high credit worthiness and reputable customers.
- Dealing with highly credit rated banks.

The management of the Group believes that the maximum exposure to credit risks as at 31 December is as follows:

| | 2024 | 2023 |
|---|---|---|
| Trade and other receivables | 2,266,864 | 2,463,445 |
| Current accounts, deposits and cash at investment portfolios (Note 11) | 45,914,356 | 36,867,399 |

### Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. The Group manages liquidity risk by maintaining adequate cash and bank balances and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group manages liquidity risk through maintaining adequate assets, which are easily convertible into cash and also by securing banking facilities in addition to ongoing monitoring of the expected and actual cash flows and maturity profile of financial assets and liabilities.

The following are the maturity dates of the Group's liabilities as at 31 December 2024 and 2023:

| **2023** | **Within 1 year** | **More than 1 year** |
|---|---|---|
| Loans and bank facilities | 24,559,192 | 60,130,250 |
| Lease liabilities | 3,178,052 | 35,727,263 |
| Trade and other payables | 18,332,662 | 11,334,400 |
| Post-employment benefits | - | 1,598,876 |

| **2024** | **Within 1 year** | **More than 1 year** |
|---|---|---|
| Loans and bank facilities | 20,734,847 | 70,792,963 |
| Lease liabilities | 2,131,155 | 33,596,108 |
| Trade and other payables | 16,107,872 | 7,887,137 |
| Post-employment benefits | - | 1,699,987 |

### 3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to the shareholders through the optimization use of the equity.

The capital structure of the Group consists of net debt (borrowings less cash and cash at banks) and equity (including capital, reserves, retained earnings and non-controlling interests).

During 2024, the Group's strategy does not change from 2023; which is to maintain lowest possible gearing ratio.

The gearing ratio as at 31 December is as follows:

| | 2024 | 2023 |
|---|---|---|
| Total loans and bank facilities (Note 18) | 88,509,597 | 81,469,442 |
| Total Lease liabilities ( Note 7) | 27,443,888 | 29,650,360 |
| Less: cash and cash equivalents (Note 11) | (45,925,696) | (36,933,376) |
| Net debts | 70,027,789 | 74,186,426 |
| Total equity | 92,649,999 | 85,021,956 |
| Total capital | 162,677,788 | 159,208,382 |
| Gearing ratio % | 43% | 46.6% |

### 3.3 Fair value

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2** - inputs other than quoted prices included within Level 1, that are observable for the asset or liability; either directly or indirectly; and

**Level 3** - unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

| **Financial assets** | **Fair value as at** | | **Date of valuation** | **Fair value hierarchy** | **Valuation technique(s) and Key input(s)** | **Significant unobservable inputs** | **Relation of unobservable inputs to fair value** |
|---|---|---|---|---|---|---|---|
| | **31 December 2024** | **31 December 2023** | | | | | |
| ***Equity instruments designated as FVTOCI*** | | | | | | | |
| Quoted shares | 6,870,049 | 6,598,116 | 31 December 2024 | Level 1 | Last bid price | N/A | N/A |
| Unquoted shares | 396,754 | 3,362 | 31 December 2024 | Level 3 | Discounted cash flows | Discount rate | Higher discount results in value decline |
| Unquoted shares | 33,794 | 62,832 | 31 December 2024 | Level 3 | market comparative and adjusted book value | Discount rate | Higher discount results in value decline |

**Adjustment for determining fair value hierarchy 3 of equity instruments.**

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 66,194 | 1,626,194 |
| Disposals | - | (1,560,000) |
| Change in fair value | 364,354 | - |
| Balance as at 31 December | 430,548 | 66,194 |

The fair value of other financial assets and liabilities approximates their carrying value as at consolidated financial statements date.

## 4. Critical accounting estimates, assumptions and key sources of estimation uncertainty

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

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

**Significant judgements:**

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

*Classification of investments in equity instruments - IFRS 9*

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.
The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

*Capitalization of cost of properties under development*

The Group has significant capital expenditure with respect to the construction of new shopping complex and cinemas. The determination of the elements of cost that are eligible to be capitalized, and the identification of costs related to project in progress that may not meet the relevant capitalization criteria, require significant management judgement.

*Classification of real estate*

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property.
The Group classifies property as held for trading property if acquired principally for sale in the ordinary course of business.

The Group classifies property as property plant and equipment when acquired for the purpose of the group operation.

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

*Determining the lease term of contracts with renewal and termination options - Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

*Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the Management has applied judgments and estimates to determine the incremental borrowing rate.

**Sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Fair value measurement and valuation techniques*

Certain assets and liabilities of the Group are measured at fair value for preparing the financial statements. The Group's management determines the appropriate key methods and inputs required for the fair value's measurement. Upon determining the fair value of assets and liabilities, the management uses an observable market data. In case no market observable data is available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, has been disclosed in note (3.3) and note 5, 6 and 10.

*Impairment of an associate*

Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently.

*Useful lives of property, plant and equipment and right of use assets*

The management determines the useful lives and depreciations of property, plant and equipment, and right of use asset, as well as increases the depreciation expense when the estimated useful lives became lower than the previously estimated useful lives or eliminates or write down value of the obsolete assets or non-strategic assets whether disposed or sold.

*Impairment of tangible assets*

The Group reviews the carrying amounts of its properties, plant and equipment and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions. The recovery value of the operating location tested for impairment has been determined, based on value in use calculation, using a discount rate of 16% per cent per annum (note 5 & 7).

*Contingent liabilities/liabilities*

Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events not fully within the control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

## 5. Property, plant and equipment

| | Lands | Buildings & enhancement on leased assets | Machinery equipment & vehicles | Furniture & computers | Projects in progress | Total |
|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | |
| As at 31 January 2023 | 8,917,163 | 16,945,217 | 9,009,572 | 3,355,275 | 681,756 | 38,908,983 |
| Additions during the year | - | 6,601,713 | 613,955 | 218,076 | - | 7,433,744 |
| Revaluation of lands | 20,000 | - | - | - | - | 20,000 |
| Transferred from investment properties | - | 610,734 | - | - | - | 610,734 |
| Transfer | - | - | 477,615 | 204,141 | (681,756) | - |
| Disposals | - | (271,431) | (348,543) | (253,915) | - | (873,889) |
| As at 31 December 2023 | 8,937,163 | 23,886,233 | 9,752,599 | 3,523,577 | - | 46,099,572 |
| Additions during the year | - | 346,791 | 463,755 | 23,583 | - | 834,129 |
| Revaluation of lands | 172,799 | - | - | - | - | 172,799 |
| Disposals | - | (456,706) | - | - | - | (456,706) |
| As at 31 December 2024 | 9,109,962 | 23,776,318 | 10,216,354 | 3,547,160 | - | 46,649,794 |
| **Total depreciation and impairment** | | | | | | |
| As at 1 January 2023 | - | 7,800,204 | 6,177,252 | 2,482,405 | - | 16,459,861 |
| Depreciation for the year | - | 1,304,868 | 1,099,267 | 276,679 | - | 2,680,814 |
| Impairment | - | 1,143,559 | - | - | - | 1,143,559 |
| Disposals | - | (259,209) | (328,056) | (253,915) | - | (841,180) |
| As at 31 December 2023 | - | 9,989,422 | 6,948,463 | 2,505,169 | - | 19,443,054 |
| Depreciation for the year | - | 1,212,982 | 814,243 | 248,554 | - | 2,275,779 |
| Impairment | - | 997,852 | 12,972 | 9,176 | - | 1,020,000 |
| Disposals | - | (256,804) | - | - | - | (256,804) |
| As at 31 December 2024 | - | 11,943,452 | 7,775,678 | 2,762,899 | - | 22,482,029 |
| **Net book value** | | | | | | |
| As at 31 December 2024 | 9,109,962 | 11,832,866 | 2,440,676 | 784,261 | - | 24,167,765 |
| As at 31 December 2023 | 8,937,163 | 13,896,811 | 2,804,136 | 1,018,408 | - | 26,656,518 |
| Useful lives (year) | | 5-40 | 4-15 | 5-15 | | |

- The lands are stated at the revalued amount, being the fair value as at the date of Valuation. The fair value of the lands as at 31 December 2024 and 31 December 2023 are estimated based on valuations carried out by independent valuers not related to the Group. The independent valuers are licensed from the relevant regulatory bodies. They have appropriate qualifications and experiences in valuation of properties. one of these appraisers is a local bank. The fair value of lands has been determined based on acceptable methods of valuation such as market comparable (level 2). In estimating the fair value of properties, the best use of the properties is the current use. There has been no change to the valuation technique during the year.
- The historical cost of lands that are measured at fair value is KD 650,000 as at 31 December 2024 & 2023.
- The Group assessed the impairment of property, plant and equipment, as well as the right of use leased assets of certain operating locations using the value-in-use method (note 4). The Group concluded that recoverable amount was less than carrying value. Accordingly, the group recorded impairment in value of property plant and equipment and the right of use leased assets (note 7) amounted to KD 1,020,000 during the current year (KD 1,143,559 -2023), and KD 1,700,000 during the current year ( nil KD - 2023) respectively. The impact of such impairment was included in operating cost in the consolidated statement of income.
- Depreciation has been charged to the statement of income as follows:

| | 2024 | 2023 |
|---|---|---|
| Operating costs | 2,142,115 | 2,528,533 |
| Administrative and general expenses | 132,962 | 151,042 |
| Other operating expense | 702 | 1,239 |
| | 2,275,779 | 2,680,814 |

## 6. Investment properties

| | 2024 | 2023 |
|---|---|---|
| Investment properties constructed on Leased land | 84,948,266 | 85,511,958 |
| Investment property constructed on owned land | 4,884,674 | 4,754,416 |
| | 89,832,940 | 90,266,374 |

Movement on investment properties is as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 90,266,374 | 71,201,924 |
| Additions | - | 19,426,053 |
| Transferred to property, plant and equipment (Note 5) | - | (610,734) |
| Transferred to right-of-use leased assets (Note 7) | - | (525,825) |
| Change in fair value | (433,434) | 774,956 |
| Balance at 31 December | 89,832,940 | 90,266,374 |

- The investment properties constructed on leased land consist of a commercial, recreational, and cultural mall in South Sabahiya. These properties are built on land leased from the Government of the State of Kuwait (the lessor) under a contract that can be renewed with the consent of both parties. According to the terms of the lease, the ownership of the investment properties will revert to the lessor at the end of the contract. The lease is set to expire in March 2043.

  The investment properties constructed on lease land include the right of use asset related to the land.

- The fair value of the Group's investments properties as at 31 December 2024 are estimated based on valuations carried out by independent valuers not related to the Group. These valuers are licensed by the relevant regulatory bodies. And possess the appropriate qualifications and recent experiences in valuation of properties at locations in which the properties are situating. Among those valuers is a Local Bank. The fair value of investment properties was determined as set out in Note (3.3).In estimating the fair value of the properties, the highest and best use of the properties is considered to be their current use. There has been no change to the valuation technique during the year.

- The following table shows information about methods of fair values determination for significant financial assets and liabilities:

| | Fair value as at 31 December 2024 | Fair value as at 31 December 2023 | Fair value hierarchy | Valuation technique(s) and Key input(s) | Significant unobservable inputs | Relation of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| *Investment properties* | | | | | | |
| Constructed on Leased land | 84,948,266 | 85,511,958 | Level 3 | Income method by using capitalization rate | Income / capitalization rate | Changes in capitalization rate will result in changes in fair value |
| Constructed on owned land | 4,884,674 | 4,754,416 | Level 2 | Comparable market price | - | - |

- The applied capitalization rate is calculated by reference to yield rates observed by valuers for similar properties in the respective location and adjusted based on valuers' knowledge of factors specific to concerned real estates. The used valuation model includes unobservable significant inputs including average capitalization rate at 12.5% - 2024 (12.2% - 2023). The average capitalization rate used for valuation takes into account lease income, nature of property and prevailing market circumstances. The change in capitalization rate @ 5% will result in change in fair value of investment properties amounting to KD 3,533,664 as at 31 December 2024 (KD 3,714,286 - 2023).

## 7. Right of use leased assets

### 7.1 *When the Group is a lessee*

***Right-of-use leased assets***

The Group as a lessee has leased several assets including buildings, lands, . The Group's obligations are secured by the lessors' title to the leased assets for such leases. Movement on right of use leased assets during the year is as follows:

| | Buildings | Lands | Total |
|---|---|---|---|
| **Cost** | | | |
| As at 1 January 2023 | 25,672,315 | 790,962 | 26,463,277 |
| Transferred from investment properties (Note 6) | 525,825 | - | 525,825 |
| As at 31 December 2023 | 26,198,140 | 790,962 | 26,989,102 |
| As at 31 December 2024 | 26,198,140 | 790,962 | 26,989,102 |
| **Accumulated Depreciation** | | | |
| As at 1 January 2023 | 8,869,341 | 360,647 | 9,229,988 |
| Depreciation | 2,087,102 | 89,974 | 2,177,076 |
| As at 31 December 2023 | 10,956,443 | 450,621 | 11,407,064 |
| Depreciation | 1,927,161 | 89,974 | 2,017,135 |
| Impairment in value (Note 5) | 1,700,000 | - | 1,700,000 |
| As at 31 December 2024 | 14,583,604 | 540,595 | 15,124,199 |
| **Net book value** | | | |
| As at 31 December 2024 | 11,614,536 | 250,367 | 11,864,903 |
| As at 31 December 2023 | 15,241,697 | 340,341 | 15,582,038 |
| Lives (year) | 1-20 | 6-21 | |

The following tables shows different types of expenses related to leases that have been recognized in statement of income:

| | 2024 | 2023 |
|---|---|---|
| Depreciation expense on right-of-use assets (included in operating costs) | 2,017,135 | 2,177,076 |
| Impairment (included in operating costs) | 1,700,000 | - |
| Expense related to variable lease payments not included in the measurement of lease liabilities (included in operating costs) | 1,161,391 | 1,288,381 |
| Interest expense on lease liabilities (included in finance costs) | 974,579 | 919,099 |
| Expense related to short-term leases (included in operating costs) | 7,976 | 7,976 |
| | 5,861,081 | 4,392,532 |

For short-term leases and leases of low value assets the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.
Some of the property leases in which the group is the lessee contain variable lease payment terms that are linked to sales generated from the leased asset.

### 7.2 *When the Group is a lessor*

***Operating lease arrangements***

Operating leases, in which the Group is the lessor, relate to investment property constructed on lease land with lease terms between five to twenty years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 8 years. The Group did not identify any indications that this situation will change.

Operating rental income from investment properties of KD 14,939,422 for the year 2024 (KD 4,863,753 for the year 2023) is recognized in the consolidated statement of income.

## 8. Lease liabilities

| | 2024 | 2023 |
|---|---|---|
| **Non-current lease liabilities** | | |
| Amounts payable after 12 months | 25,312,733 | 26,472,308 |
| **Current lease liabilities** | | |
| Amounts payable within 12 months | 2,131,155 | 3,178,052 |
| | 27,443,888 | 29,650,360 |

**Maturity analysis**

Maturity dates of undiscounted lease liabilities are as follows:

| | 2024 | 2023 |
|---|---|---|
| No later than 1 year | 2,131,155 | 3,178,052 |
| From 1 to 5 years | 9,724,524 | 10,734,262 |
| From 5 to 20 Years | 23,871,584 | 24,993,001 |
| | 35,727,263 | 38,905,315 |
| Less unearned interest | 8,283,375 | 9,254,955 |
| | 27,443,888 | 29,650,360 |

Movement on lease liabilities during the year is as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance at 1 January | 29,650,360 | 31,515,714 |
| Finance interests | 974,579 | 919,099 |
| Lease Payments | (3,181,051) | (2,784,453) |
| Balance at 31 December | 27,443,888 | 29,650,360 |

All above movements have been eliminated during the preparation of consolidated statement of cash flows as they are non-cash transactions except for the lease payments.

## 9. Investment in an associate

This represents Group's investments in Tamdeen Shopping Centers K.S.C.C at 30%. The following is the movement of such investment during the year:

| | 2024 | 2023 |
|---|---|---|
| Balance at the beginning of the year | 48,925,862 | 44,894,147 |
| Group's share of business results | 5,681,169 | 5,516,166 |
| Group's share of reserves | 345,034 | 315,549 |
| Dividends | (2,250,000) | (1,800,000) |
| Balance at the end of the year | 52,702,065 | 48,925,862 |

Shares of the associate are unquoted. The following is a summary of the associate's financial information as per the financial statements of this associate which have been prepared in accordance with IFRSs:

| | 2024 | 2023 |
|---|---|---|
| Current assets | 123,219,315 | 83,573,811 |
| Non-current assets | 442,139,297 | 441,094,473 |
| Current liabilities | (101,811,388) | (101,275,541) |
| Non-current liabilities | (249,371,498) | (222,002,748) |
| Non-controlling interests | (6,852,850) | (6,654,466) |

| | 2024 | 2023 |
|---|---|---|
| Revenues | 65,502,983 | 58,535,941 |
| Profit for the year | 19,219,997 | 18,585,803 |
| Other comprehensive income for the year | 1,139,234 | 1,092,768 |
| Total comprehensive income for the year | 20,359,231 | 19,678,571 |

The following is reconciliation of the above-summarized financial information for the purpose of determining the book value of the Group's share in Tamdeen Shopping Centers K.S.C.C recognized in the consolidated financial statements:

| | 2024 | 2023 |
|---|---|---|
| Net assets of an associate | 207,322,876 | 194,735,529 |
| Group's share in net assets (30%) | 62,196,862 | 58,420,659 |
| Unrealized gain on elimination of inter-company transactions | (9,494,797) | (9,494,797) |
| Book value of Tamdeen Shopping Centers K.S.C.C | 52,702,065 | 48,925,862 |

Associate capital commitment amounted to KD 740,374 as at 31 December 2024 (KD 1,365,364 as at 31 December 2023).

## 10. Investments at fair value through other comprehensive income

| | 2024 | 2023 |
|---|---|---|
| Quoted shares | 6,870,049 | 6,598,116 |
| Unquoted shares | 430,548 | 66,194 |
| | 7,300,597 | 6,664,310 |

During the current year the group disposed part of its investments. The fair value of disposed shares as at the date of the de-recognition is KD 467,559 and the related cumulative loss of KD 357,545 Carried in the fair value reserve.

The accumulated balance of profits related to disposed investments during current and prior years held in the fair value reserve amounted to KD 6,058,945 as at 31 December 2024 (KD 6,416,490 as at 31 December 2023).

Fair value is determined based on valuation techniques disclosed in (Note 3).

## 11. Cash and cash equivalents

| | 2024 | 2023 |
|---|---|---|
| Cash on hand | 15,782 | 70,419 |
| Banks' current accounts | 24,007,179 | 21,746,214 |
| Time deposits with banks & at investment portfolio (less than three months) | 16,750,000 | 12,500,000 |
| Cash at investment portfolios | 3,157,177 | 2,621,185 |
| Cash and cash equivalents for cash flow purpose | 43,930,138 | 36,937,818 |
| Time deposits (more than 3 months) | 2,000,000 | - |
| Credit loss | (4,442) | (4,442) |
| Cash on hand and at banks and investment portfolios | 45,925,696 | 36,933,376 |

The yield rate on time deposits is 4.17% as at 31 December 2024 (4.17% as at 31 December 2023).

## 12. Share capital

The Parent Company's authorized, issued and paid-up share capital is amounted to KD 10,106,250 as at 31 December 2024 (KD 10,106,250 as at 31 December 2023) comprising of 101,062,500 shares of 100 fills per share, all shares are in cash.

## 13. Treasury shares

| | 2024 | 2023 |
|---|---|---|
| Number of treasury shares (share) | 8,460,323 | 8,460,323 |
| Percentage to issued shares (%) | 8.37 | 8.37 |
| Market value | 9,813,975 | 9,898,578 |

The Parent Company commits to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the relevant regulatory authorities.

## 14. Statutory reserve

In accordance with Company's Law and the Parent Company's Articles of Association, 10% of annual net profit is to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the reserve reaches 50% of the share capital. This reserve is not available for distribution except for the cases stipulated by Companies Law.

On 14 April 2010, the ordinary general assembly decided to stop the deduction from net profit to statutory reserve as exceeds it 50% of the share capital.

## 15. Voluntary reserve

According to the Parent Company's Articles of Association, a percentage of the net profit for the year proposed by the Board of Directors and approved by the general assembly is transferred to the voluntary reserve. The general assembly may stop this transfer based on the proposal of the Board of Directors. On 13 March 2025, the Board of Directors proposed transferring an amount of KD 1,390,714 to the voluntary reserve account for the year ended 31 December 2024 (KD 1,102,743 for the year ended as at 31 December 2023).

## 16. Other reserves

| | Lands revaluation reserve | Investment revaluation reserve | Foreign Currency translation reserve | Treasury shares reserve | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | 11,737,139 | 8,524,856 | 517,186 | 127,093 | 20,906,274 |
| Fair value gain on investments at FVTOCI | - | (361,210) | - | - | (361,210) |
| Gain on lands revaluation | 20,000 | - | - | - | 20,000 |
| Foreign currency translation reserve | - | - | 121,118 | - | 121,118 |
| Other comprehensive loss | 20,000 | (361,210) | 121,118 | - | (220,092) |
| **Balance as at 31 December 2023** | 11,757,139 | 8,163,646 | 638,304 | 127,093 | 20,686,182 |
| **Balance at 1 January 2024** | 11,757,139 | 8,163,646 | 638,304 | 127,093 | 20,686,182 |
| Fair value gain on investments at FVTOCI | - | 1,086,113 | - | - | 1,086,113 |
| Gain on lands revaluation | 172,799 | - | - | - | 172,799 |
| Foreign currency translation reserve | - | - | 390,191 | - | 390,191 |
| Other comprehensive income | 172,799 | 1,086,113 | 390,191 | - | 1,649,103 |
| **Balance at 31 December 2024** | 11,929,938 | 9,249,759 | 1,028,495 | 127,093 | 22,335,285 |

Land revaluation reserve includes the following:

| | 2024 | 2023 |
|---|---|---|
| Lands revaluation reserve within property, plant and equipment | 8,459,962 | 8,287,163 |
| Lands revaluation reserve within investment properties | 2,363,735 | 2,363,735 |
| Lands revaluation reserve sold to an associate | 1,106,241 | 1,106,241 |
| | 11,929,938 | 11,757,139 |

## 17. Trade and other payables

| | 2024 | 2023 |
|---|---|---|
| Non-current | | |
| Retention payable to contractors | 2,714,696 | 5,692,748 |
| Others' deposits | 5,172,482 | 5,641,652 |
| | 7,887,178 | 11,334,400 |
| Current | | |
| Trade payables | 4,100,571 | 4,068,200 |
| Provision for claims | 2,154,064 | 2,154,065 |
| Dividends payable | 1,206,856 | 1,072,358 |
| Construction contract liabilities of investment properties | 4,976,798 | 7,147,998 |
| Expenses and accrued leaves | 1,891,707 | 2,410,159 |
| Deferred income | 1,206,072 | 1,010,182 |
| Due to related parties (Note 28) | - | 7,814 |
| Board of Directors' remuneration (Note 27) | 35,000 | 35,000 |
| KFAS | 75,080 | 53,118 |
| NLST | 335,931 | 272,319 |
| Zakat | 73,753 | 61,910 |
| Other payables | 51,999 | 39,539 |
| | 16,107,831 | 18,332,662 |
| | 23,995,009 | 29,667,062 |

## 18. Loans and bank facilities

| | 2024 | 2023 |
|---|---|---|
| Non Current | | |
| Islamic Finance | 67,774,750 | 56,910,250 |
| | 67,774,750 | 56,910,250 |
| Current | | |
| Islamic Finance | 13,630,250 | 16,718,269 |
| Loans | 7,000,000 | 7,000,000 |
| Banks – Overdrafts | 104,597 | 840,923 |
| | 20,734,847 | 24,559,192 |
| | 88,509,597 | 81,469,442 |

- Long-term loans and bank facilities are granted to the Group from local banks against commitments from the Group represented mainly in transferring revenues of an investment property to the company's accounts with those banks.
- The repayment period of long-term loans ranges is between 2 to 6 years.
- The average interest rate on loans and bank facilities was 1.02% during 2024 (1.02% - 2023) above CBK discount rate.

## 19. Operating Revenues

| | 2024 | 2023 |
|---|---|---|
| Revenue of cinema and buffets activities | 22,789,544 | 24,836,090 |
| Lease Income from investment properties | 14,939,422 | 4,863,753 |
| | 37,728,966 | 29,699,843 |

Revenue of cinema and buffets activity is recognized at a point in time while Lease income from investment properties is recognized at a point over time.

## 20. Operating costs

| | 2024 | 2023 |
|---|---|---|
| Cost of cinema and buffets activities | 20,285,336 | 20,814,652 |
| Investment properties expense | 3,957,565 | 1,166,018 |
| | 24,242,901 | 21,980,670 |

## 21. Other operating income/expenses

This item includes revenues and expenses excluding the main activity and profit from sales property, plant and equipment.

## 22. Finance costs

| | 2024 | 2023 |
|---|---|---|
| Finance costs of bank facilities | 4,505,343 | 3,609,412 |
| Financing costs of lease liabilities (Note 8) | 974,579 | 919,099 |
| | 5,479,922 | 4,528,511 |
| Capitalized finance cost for qualifying assets | - | (1,715,657) |
| Total finance costs | 5,479,922 | 2,812,854 |

## 23. Employees costs

Employees costs have been charged to the statement of income as follows:

| | 2024 | 2023 |
|---|---|---|
| Operating costs | 2,194,893 | 2,348,799 |
| Other operating expenses | 160,228 | 156,197 |
| Administrative and general expenses | 573,777 | 495,327 |
| | 2,928,898 | 3,000,323 |

## 24. Basic and diluted earnings per share to shareholders of the Parent Company

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares to be issued upon conversion of all dilutive potential ordinary shares into ordinary shares. The parent company had no diluted shares as at 31 December 2024/2023.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding less treasury shares, during the year is as follows:

| | 2024 | 2023 |
|---|---|---|
| Net profit for the year attributable for shareholders of the Parent Company | 13,387,337 | 10,621,759 |
| Weighted average number of outstanding shares less treasury shares (share) | 92,602,177 | 92,602,177 |
| Basic and diluted earnings per share attributable to the shareholders of the Parent Company (fills) | 144.57 | 114.70 |

Both basic and diluted earnings per share are equal since the Parent Company does not have diluted outstanding instruments.

## 25. Dividends

On 28 March 2024, the General Assembly of the Parent Company's Shareholders approved the consolidated financial statements for the year ended 31 December 2023 and approved distribution of cash dividends for the year ended 31 December 2023 of 80 fils per share after deducting treasury shares. Moreover, Board of Directors remuneration of KD 35,000 was approved for the year ended 31 December 2023.

On 13 March 2025, the Board of Directors of the Parent Company proposed to distribute profits for the year ended 31 December 2024 of 80 fils per share for 2024, and proposed Board of Directors remuneration of KD 35,000 for the year ended 31 December 2024. This proposal is subject to approval of the shareholders in the general assembly.

## 26. Related party transactions

Related parties represent the shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies, which are controlled by the major shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the year.

The following is the statement of the transactions and balances resulted from such transactions:

| | 2024 | 2023 |
|---|---|---|
| **Related parties' transactions** | | |
| Key management compensation | 295,439 | 255,057 |
| Expenses (rents, consultancy and others) charged to consolidated statement of income | 1,344,842 | 1,481,283 |
| Other income | 111,235 | 121,882 |
| Additions of investments properties | - | 371,200 |
| Board of Directors remuneration | 35,000 | 35,000 |

**The balances resulting from those transactions:**

| | 2024 | 2023 |
|---|---|---|
| Due to related parties (Note 17) | - | 7,814 |
| Cash at investment portfolios | 3,157,177 | 2,279,362 |
| Key management compensation | 281,686 | 237,900 |

A related party manages investment portfolios on behalf of the company. The book value of such portfolio is amounted to KD 7,300,597 as at 31 December 2024 (KD 6,664,310 as at 31 December 2023).

Transactions with related parties are subject to the approval of the General Assembly of shareholders.

## 27. Segments information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. The Group's CEO is identified as a chief operating decision maker for the Group.

The main objective of the Group is to engage in activities relating to the cinema industry, entertainment, and culture events. In addition, the Group invests its available excess funds through investment portfolios, and investment properties in the state of Kuwait.

The following is the segment information which is presented to the management:

- Cinema and Buffets Segment: Represents all activities related to cinema shows, films distribution as well as activities related to buffets supplemented to theatres.
- Investment Segment: Represents investment in equity, investment funds and investments in an associate.
- Investment properties Segment: Represents activities related to real estates including rental of investment properties.

The following schedule presents the information about revenues, profit, and assets for each Segment:

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Cinema & Buffets Segment | Financials Investments Segment | Investment Properties Segment | Unallocated Items | Total |
| Net revenues | 22,789,544 | 6,107,206 | 14,939,422 | 2,881,337 | 46,717,509 |
| Costs | (20,285,336) | - | (3,957,565) | (9,084,553) | (33,327,454) |
| Segments' profits/ (loss) | 2,504,208 | 6,107,206 | 10,981,857 | (6,203,216) | 13,390,055 |
| Assets | 34,842,754 | 63,159,839 | 89,832,940 | 46,462,947 | 234,298,480 |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Cinema & Buffets Segment | Financials Investments Segment | Investment Properties Segment | Unallocated Items | Total |
| Net revenues | 24,836,090 | 5,738,219 | 4,863,753 | 3,206,510 | 38,644,572 |
| Costs | (20,814,652) | (498) | (1,166,018) | (6,038,572) | (28,019,740) |
| Segments' profits/ (loss) | 4,021,438 | 5,737,721 | 3,697,735 | (2,832,062) | 10,624,832 |
| Assets | 40,613,788 | 55,590,172 | 90,266,374 | 40,937,362 | 227,407,696 |

## 28. Contingent liabilities

The letters of guarantee issued for third parties were amounted to KD 2,328,445 as at 31 December 2024 (KD 2,300,762 as at 31 December 2023).

## 29. Future commitments

### Capital expenditure commitments

| | 2024 | 2023 |
|---|---|---|
| Estimated contractual capital expenditure | - | 7,147,839 |
| Future commitments for purchasing films | 739,200 | 986,201 |