TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022
WITH
INDEPENDENT AUDITOR'S REPORT

TAAMEER REAL ESTATE INVESTMENT CAPITAL KUWAIT SHAREHOLDING COMPANY (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

FINANCIAL STATEMENTS
FOR THE FINANCIALYEAR ENDED DECEMBER 31, 2022
WITH
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Taameer Real Estate Investment Company K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Taameer Real Estate Investment Company K.S.C.P ("the Parent Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters described in the basis of "qualified opinion paragraph", the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Group's consolidated financial statements for the year ended December 31, 2022 includes an investment in an associate with a carrying value amounting to KD 1,488,313 (2021 – KD 1,658,804), which represents 6.5% (2021 - 8.9%) of the Group's total consolidated assets. This investment has been accounted for based on equity method according to the consolidated financial statements which has included a qualified opinion in its audit report relating to the following:

a) Subsidiaries representing 17.8% and 24.9% (2021 – 16.3% and 22.9%) of the associate's total assets and liabilities respectively were consolidated based on accounts prepared by the management of these subsidiaries, whereby we were not able to verify balances, transactions and disclosures of these subsidiaries.

b) Associates representing 4.4% (2021 – 3.6%) of the associate's total assets were accounted for using equity method based on accounts prepared by the management of these associates, whereby we were not able to verify balances, transactions and disclosures of these associates.

We were not able to identify any adjustments that might be necessary regarding to the matters on the carrying value of the Group's investment in an associate, or the consequential impact on the Group's share of results and share of other comprehensive income to the accompanying consolidated financial statements.

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

Material Uncertainty Related To Going Concern

We draw attention to Note (25) to the consolidated financial statements which indicate that the Group incurred a loss for the financial year ended December 31, 2022 amounting to KD 1,714,443 (2021 – KD 138,645) and the Group's accumulated losses amounting to KD 13,408,251 (2021: KD 11,907,759), and the Group's current liabilities exceeded its current assets by KD 2,603,596. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. This matter is not considered to be an additional qualification to the qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed is provided in that context:

Investment properties valuation

The investment properties represent 38.4% of the Group total assets as of December 31, 2022 (2021: 46.2%) which were measured at fair value amounting to KD 8,722.668 (2021: KD 8,608,668) as of that date by independent valuers with experience and professional competence, using recognized valuation techniques and principles.

The valuation of investment properties is a key audit matter as it includes a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the valuation of investment properties as a key audit matter. These valuations among others are based on assumptions, such as estimated rental income, discount rates, occupancy rates, market assumption knowledge, developers' risk, and historical transactions.

In order to estimate the fair value of investment properties, valuers used valuation techniques such as income capitalization and sales comparison, taking into consideration the nature and usage of these investment properties. We have reviewed the valuation reports from the licensed valuers on sample basis. We further focused on the adequacy of the disclosures regarding the valuation of investment properties. Disclosures of this item are included in Note (7) to the consolidated financial statements.

Impairment losses of property, plant and equipment

The Group's property, plant and equipment includes land with a net book value amounting to KD 10,797,000 as of December 31, 2022, which represents a significant part of the Group's total assets. Property, plant and equipment are accounted for at cost less accumulated depreciation and impairment losses which is estimated by determining the recoverable value.

Assessing the impairment losses of this property, represents a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the assessment of impairment losses of this asset as a key audit matter. The Group's policy is to evaluate this property by licensed valuers at least once a year. These valuations among others are based on assumptions, such as, market assumptions knowledge, developers' risk, and historical transactions.

For assessing the impairment losses of this property, valuers used valuation techniques such as sales comparison method, taking into consideration the nature and usage of this property. We have reviewed the valuation reports from the licensed valuers. We further focused on the adequacy of the disclosures regarding the valuation of this property. Disclosures of this item are included in Note (8) to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information consists of the information included in the Group's annual report for the year 2022, other than the consolidated financial statements and the auditor's report thereon. We did not obtain the annual report of the Group, which also includes the report of the Board of Directors, prior to the date of the auditor's report, and we expect to obtain those reports after the date of the auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, to do so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise were material errors. This is and if it appears to us through our work that the other information includes material errors, we are required to disclose that in our report. We have nothing to disclose in this regard. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Parent Company'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 do the following:

- 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 of the Group.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Also, 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, are in accordance with the Parent Company's basis. Except for the matters described in the basis of "qualified opinion paragraph", we have obtained the information that we require to perform our audit, and the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, physical stocktaking was carried out in accordance with recognized practice. According to the information available to us there were no contraventions during the year ended December 31, 2022, of either the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, which might have had a material effect on the Parent Company's operations or its consolidated financial position.

Furthermore, we are not aware of any material violations of the provisions of Law 7 of 2010, and its Executive Regulations, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2022, that might have had a material effect on the Parent Company's financial position or results of its operations.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
March 30, 2023

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
All amounts are in Kuwaiti Dinars

ASSETS	Note	**2022**	2021
Current assets:			
Cash and cash equivalents	3	**779,200**	666,713
Accounts receivable and other debit balances		**41,090**	38,643
Due from related parties	4	**691,281**	7,479,802
Total current assets		**1,511,571**	8,185,158
Non-current assets:			
Financial assets at fair value through other comprehensive income	5	**203,561**	175,201
Investment in associate	6	**1,488,313**	1,658,804
Investment properties	7	**8,722,668**	8,608,668
Property, plant and equipment	8	**10,804,971**	10,780
Total non-current assets		**21,219,513**	10,453,453
Total assets		**22,731,084**	18,638,611
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other credit balances	9	**2,430,012**	2,372,192
Due to related parties	4	**1,685,155**	1,292,767
Total current liabilities		**4,115,167**	3,664,959
Non-current liabilities:			
Due to an associate Company	10	**5,750,000**	-
Provision for end of service indemnity	11	**31,673**	23,234
Total non-current liabilities		**5,781,673**	23,234
Total liabilities		**9,896,840**	3,688,193
Equity:			
Share capital	12	**24,000,000**	24,000,000
Share premium		**3,383,153**	3,383,153
Treasury shares	16	**(1,094,266)**	(841,641)
Statutory reserve	13	**16,963**	16,963
Voluntary reserve	14	**16,963**	16,963
Cumulative changes in fair value reserve		**(63,581)**	(91,941)
Foreign currency translation reserve		**(174,745)**	2,721
Accumulated losses		**(13,408,251)**	(11,907,759)
Equity attributable to shareholders of the Parent Company		**12,676,236**	14,578,459
Non-controlling interests	15	**158,008**	371,959
Total equity		**12,834,244**	14,950,418
Total liabilities and equity		**22,731,084**	18,638,611

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

Ziad Ahmed Al-Duaij
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIALYEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	Note	**2022**	2021
Operating revenue		**371,232**	338,678
Operating costs	17	**(95,731)**	(99,866)
Operating profit		**275,501**	238,812
General and administrative expenses	18	**(293,314)**	(295,710)
Depreciation	8	**(2,810)**	(2,683)
Unrealized gain from financial assets at fair value through profit or loss		**-**	511,942
Share of results from an associate	6	**(166,074)**	(214,294)
Impairment loss on investment in associate	6	**(74,416)**	-
Change in fair value of investment properties	7	**93,962**	125,738
Reversal of impairment loss of property, plant and equipment	8	**259,000**	-
(Cancelled gain) gain on sale of property, plant and equipment	29	**(1,548,960)**	1,552,267
Provision for legal cases	20	**-**	(2,008,032)
Other income	19	**67,184**	105,678
Interest income		**5,223**	3,595
Finance cost	4	**(329,739)**	(155,958)
Loss for the year		**(1,714,443)**	(138,645)
Attributable to:			
Shareholders of the Parent Company		**(1,500,492)**	(71,381)
Non-controlling interests		**(213,951)**	(67,264)
		(1,714,443)	(138,645)
Basic and diluted losses per share attributable to shareholders of the Parent Company (fils)	21	**(6.72)**	(0.31)

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

	Note	**2022**	2021
Loss for the year		**(1,714,443)**	(138,645)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Exchange difference on translating foreign operations		**(87,050)**	258
Share of other comprehensive income of an associate	6	**(90,416)**	(4,958)
Item that will not be reclassified subsequently to consolidated statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	5	**28,360**	237,735
Other comprehensive (loss) income for the year		**(149,106)**	233,035
Total comprehensive (loss) income for the year		**(1,863,549)**	94,390
Attributable to:			
Shareholders of the Parent Company		**(1,649,598)**	161,654
Non-controlling interests		**(213,951)**	(67,264)
		(1,863,549)	94,390

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders										
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair values reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non - controlling interests	Total equity
Balance as of January 1, 2021	24,000,000	3,383,153	(652,215)	16,963	16,963	(1,431,882)	7,421	(10,734,172)	14,606,231	439,223	15,045,454
Total comprehensive income (loss) for the year	-	-	-	-	-	237,735	(4,700)	(71,381)	161,654	(67,264)	94,390
Transfer of cumulative change in fair value reserve upon reclassification of financial assets through other comprehensive income to investment in associate	-	-	-	-	-	1,102,206	-	(1,102,206)	-	-	-
Group's share of treasury shares from an associate ("reciprocal interest") (Note 6)	-	-	(189,426)	-	-	-	-	-	(189,426)	-	(189,426)
Balance as of December 31, 2021	24,000,000	3,383,153	(841,641)	16,963	16,963	(91,941)	2,721	(11,907,759)	14,578,459	371,959	14,950,418
Total comprehensive income (loss) for the year	-	-	-	-	-	28,360	(177,466)	(1,500,492)	(1,649,598)	(213,951)	(1,863,549)
Group's share of treasury shares from an associate ("reciprocal interest") (Note 6)	-	-	(252,625)	-	-	-	-	-	(252,625)	-	(252,625)
Balance as of December 31, 2022	**24,000,000**	**3,383,153**	**(1,094,266)**	**16,963**	**16,963**	**(63,581)**	**(174,745)**	**(13,408,251)**	**12,676,236**	**158,008**	**12,834,244**

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	2022	2021
Cash flows from operating activities:		
Loss for the year	**(1,714,443)**	(138,645)
Adjustment for:		
Depreciation	**2,810**	2,683
Unrealized gain from financial assets at fair value through profit or loss	**-**	(511,942)
Share of results from an associate	**166,074**	214,294
Impairment loss on investment in associate	**74,416**	-
Change in fair value of investment properties	**(93,962)**	(125,738)
Reversal of impairment loss of property, plant and equipment	**(259,000)**	-
Cancelled gain (gain) on disposal of property, plant and equipment	**1,548,960**	(1,552,267)
Provision for end of service indemnity	**11,342**	6,024
Provision for legal cases	**-**	2,008,032
Interest income	**(5,223)**	(3,595)
Finance cost	**329,739**	155,958
	60,713	54,804
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**(2,447)**	29,930
Due from related parties	**38,521**	161,361
Inventories	**-**	23,247
Accounts payable and other credit balances	**57,820**	(180,705)
Due to related parties	**62,649**	(9)
Cash flows generated from operations	**217,256**	88,628
End of service indemnity paid	**(2,471)**	(2,215)
Net cash flows generated from operating activities	**214,785**	86,413
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**-**	7,501
Paid for additions on investment properties	**(20,038)**	(21,930)
Interest income received	**5,223**	3,595
Net cash flows used in investing activities	**(14,815)**	(10,834)
Cash flows from financing activities		
Finance cost paid	**-**	(155,958)
Net cash flows used in financing activities	**-**	(155,958)
Net increase (decrease) in cash and cash equivalents	**199,970**	(80,379)
Foreign currency translation adjustments	**(87,483)**	92
Cash and cash equivalents at beginning of the year	**666,713**	747,000
Cash and cash equivalents at end of the year	**779,200**	666,713

Non-cash transactions

	2022	2021
Due from / to related parties	**(6,750,000)**	6,750,000
Property, plant and equipment	**12,500,000**	(12,500,000)
Due to an associate company / Finance lease payable	**(5,750,000)**	5,750,000
Due to related parties	**(329,739)**	-
Finance cost	**329,739**	-

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Taameer Real Estate Investment Company K.S.C. (Public) (the "Parent Company") was incorporated as a Kuwaiti shareholding company and is listed on the Kuwait Stock Exchange. The Parent Company in accordance with Articles of Association Ref No. 1168 Volume 3 dated on August 17, 1978 and its subsequent amendments in which latest was registered in the commercial register on September 22, 2014.

The main activities of the Parent Company according to Articles of Association are:

- Acquire, sell and purchase shares and bonds of real estate companies for the Company's account only within Kuwait and abroad;
- Develop studies and provide consulting in all types of real estate fields provided that the persons providing this service shall meet the required conditions;
- Acquire, manage, rent and lease hotels, health clubs and touristic facilities;
- Manage, operate, invest, rent and lease hotels, health clubs, motels, hospitality houses, rest houses, parks, gardens, exhibitions, restaurants, cafeterias, housing complexes, touristic and health resorts, entertainment and sports projects and shops at all degrees and levels including all primary and auxiliary services, associated facilities and other necessary services;
- Organize real estate exhibitions related to Company's real estate projects in accordance with the Ministry's applicable regulations;
- Acquire and manage commercial markets and residential complexes; and
- Hold real estate auctions in accordance with the Ministry's applicable regulations.

The registered address of the Parent company registered office is P.O. Box 29295 Safat, 13153 – State of Kuwait.

The consolidated financial statements were authorized by Board of Directors for issue on March 30, 2023. The Shareholders' Annual General Assembly has the authority to amend these financial statements after issuance. The accompanying consolidated financial statements are subject to approval from the Parent Company's shareholders General Assembly meeting. The shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for Financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), and investment properties which are carried at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in (Note 2 - X). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2021.

New and amended IFRS Standards that are effective for the current year:

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2022:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on March 29, 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments do not have material impact on the consolidated financial statements.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies. The amendments do not have material impact on the consolidated financial statements.

Annual Improvements to IFRS Standards 2018-2020 cycle

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments do not have material impact on the consolidated financial statements.

Certain other amendments and interpretations apply for the first time in 2022, but do not have an impact on the Group's financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

New and revised IFRS Standards in issue 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 Standards that have been issued but are not yet effective:

Amendments to IAS 1 Presentation of Financial Statements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments do not have material impact on the consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The amendments do not have material impact on the consolidated financial statements.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. The amendments do not have material impact on the consolidated financial statements.

b) Basis of consolidation:

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding 2022	Percentage of holding 2021
Al Corniche Marine Club Company K.S.C.C.	State of Kuwait	Health Club	**87.457%**	87.457%
RAM Three Real Estate Company K.S.C.C. (a)	State of Kuwait	Real estate	**97%**	97%
Sezva International Restaurant Company W.L.L.	State of Kuwait	Hospitality	**98%**	98%
Mekse For Real Estate Development Holding S.A.L. and its subsidiary	Lebanon	Real estate	**100%**	100%
Taamer Hospitality for Hotel Management S.A.E. (under liquidation)	Egypt	Hospitality	**100%**	100%
Taamer Hotel Management Company and Consultancy S.A (under liquidation)	Morocco	Hospitality	**100%**	100%

(a) The Parent Company effectively owns 100% equity interest in the above entities. Accordingly, the consolidated financial statements have been prepared on this basis. The ownership of the remaining equity interest in these subsidiaries is registered in the name of related parties as nominees. However, the Parent Company is the beneficial owner for 100% equity interest, according to waiver letter from non-controlling interest.

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

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

c) <u>Current vs non-current classification:</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable, due from/to related parties, financial assets at fair value through other comprehensive income, due to an associate company and accounts payable.

d-1) Financial assets:

d - 1/1) Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

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 objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' 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 that 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 lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the year.

Initial recognition

Purchases and sales of those financial assets are recognized on settlement date – the date on which an asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) Has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

The Group classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to consolidated statement of profit or loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to consolidated statement of profit or loss on derecognition.
- Financial assets at fair value through profit or loss FVPL.

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- 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.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified, or impaired.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period. In general, effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash and cash equivalents, accounts receivables and amounts due from related parties are classified as debt instruments at amortized cost.

- **Cash and cash equivalents**

  Cash and cash equivalents include cash in hand and at banks, short term bank deposits with highly liquid maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

- **Trade receivables**

  Receivables are amounts due from customers and tenants for units rented or services performed in the ordinary course of business and is recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss 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. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

d- 1/2) **Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship.

For related party balances, the Group has applied a forward-looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach for the balances due from related parties, the Group applies a three-stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- 'Stage 3' (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, and then discount the shortfall at an approximation to the original effective interest rate on that asset. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

d- 2) Financial liabilities

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

Financial liabilities at amortized cost

Financial liabilities that are not at FVPL as above are measured subsequently at amortized cost using the effective interest method.

- Accounts payable

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

d-3) Offsetting of financial assets and liabilities:

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

e) Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of 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) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determine if necessary, to recognize any impairment loss with respect to the investment. If there is such evidence, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in consolidated statement of profit or loss.

f) Investment properties

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

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

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

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

g) <u>Property, plant, and equipment</u>
The initial cost of property, plant, and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant, and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant, and equipment.

Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period. The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other property, plant and equipment as follows:

	Years
Tools and equipment	3-5
Decorations	3-5
Furniture and fixtures	3-5
Vehicles	3-5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

h) <u>Impairment of non- financial assets</u>
At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

i) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period and approximates the present value of the final obligation.

j) Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

k) Share capital

Ordinary shares are classified as shareholder's equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l) Share premium:

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

m) Treasury shares:

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any component of the Group purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's shareholders.

n) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model are as follows to account for revenue arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

Rental income
Rental income is recognized, when earned, on a time apportionment basis.

Health club income
Health club income represents membership fees that are recognized on completion of the underlying transaction a time apportionment basis.

Other income
Other income is recognized on an accrual basis.

o) Provisions:
A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Contingent liabilities recognized in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount recognized initially less cumulative amount of income recognized in accordance with the principles of IFRS 15.

Onerous contracts
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

Provisions are not recognized for future operating losses.

p) Borrowing costs:
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred.

q) Leases:

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

Operating lease
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.

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract.

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

r) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve and any accumulated losses. No KFAS has been provided for the year ended December 31, 2022, since there was no eligible profit on which KFAS could be calculated.

s) Zakat
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided for the year ended December 31, 2022, since there was no eligible profit on which Zakat could be calculated.

t) National Labor Support Tax (NLST):
National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for the year ended December 31, 2022, since there was no eligible profit on which NLST could be calculated.

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

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

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

v) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

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

w) Segment reporting:

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

x) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that 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 revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

- Revenue Recognition:
  Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note (2 - n) are met requires significant judgment.

- Provision for expected credit losses
  The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

- Classification of financial assets:
  On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note (2 - d).

- Control assessment:
  When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

- Material non-controlling interests:
  The Parent Company's management considers any non-controlling interests which accounts for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in (Note 15).

- Classification of Land:
  Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

  - Properties under development
    When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development within properties held for trading.

  - Work in progress
    When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress within investment properties or property, plant and equipment respectively.

  - Properties held for trading
    When the intention of the Group is to sell land in the ordinary course of business, the land is classified as properties held for trading.

  - Investment properties
    When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

- Leases:
  Critical judgements required in the application of IFRS 16 include, among others, the following:
  - Identifying whether a contract (or part of a contract) includes a lease;
  - Determining whether it is reasonably certain that an extension or termination option will be exercised;
  - Classification of lease agreements (when the entity is a lessor);
  - Determination of whether variable payments are in-substance fixed;
  - Establishing whether there are multiple leases in an arrangement,
  - Determining the stand-alone selling prices of lease and non-lease components.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating 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 year are discussed below:

- Provision for allowance for expected credit losses
  The extent of provision for expected credit losses and inventories involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach as explained in Note (2- d). Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable is subject to management approval.

- Valuation of investment properties
  The Group carries its investment properties at fair value, with change in fair values being recognized in consolidated statement of profit or loss. Main methods were used to determine the fair value of the investment properties:
  a) Income approach, where the property's value is estimated based on the its income produced, and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

  b) Comparative analysis using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

- Fair value of unquoted financial assets
  If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

- Useful lives of depreciable assets
  The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

- Impairment of non-financial assets
  Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

- Leases
  Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:
  - Estimation of the lease term;
  - Determination of the appropriate rate to discount the lease payments;
  - Assessment of whether a right-of-use asset is impaired.

3. Cash and cash equivalents

	2022	2021
Cash on hand	**2,350**	3,050
Cash at banks	**376,850**	363,663
Short-term deposit	**400,000**	300,000
	779,200	666,713

Short term deposit carried an average interest rate of 3.625% for the year ended December 31, 2022 (2021: 1.125%) per annum, the deposit contractually matures within 90 days (2021: 90 days).

4. Related party disclosures

The Group has entered various transactions with related parties such as shareholders, senior management personnel and some other related parties. The prices and terms of payment related to these transactions are approved by the Group's management. The significant balances and transactions with related parties are as follows:

Balances included in the consolidated statement of financial position:

	Shareholders	**Other related parties**	**2022**	2021
Due from related party (Note 29)	**709,847**	**523,972**	**1,233,819**	8,022,340
Less: provision for expected credit loss	**(18,566)**	**(523,972)**	**(542,538)**	(542,538)
	691,281	**-**	**691,281**	7,479,802
Due to related parties	**1,581,500**	**103,655**	**1,685,155**	1,292,767

(a) Balances due from / to related parties are non-interest bearing and receivable/ payable on demand, except for the balance due to a related party amounting to KD 1,185,000 which resulted from the property's purchase during the year ended December 31, 2018 and due no later than December 31, 2024 (Note 7).

Transactions included in the consolidated statement of profit or loss:

	Shareholders	**2022**	2021
(Cancelled gain) gain on sale of property, plant and equipment (Note 29)	**(1,548,960)**	**(1,548,960)**	1,548,960
Finance charge	**329,739**	**329,739**	155,958

5. Financial assets at fair value through other comprehensive income:

	2022	2021
Equity securities	**203,561**	175,201

The movement during the year is as follows:

	2022	2021
Balance at the beginning of the year	**175,201**	722,816
Change in fair value	**28,360**	237,735
Transfer to investment in an associate	**-**	(785,350)
Balance at the end of the year	**203,561**	175,201

Financial assets at fair value through other comprehensive income are denominated in Kuwaiti Dinars.

Financial assets at fair value through other comprehensive income are valued based on the valuation techniques disclosed in (Note 24).

6. Investment in an associate

Name of the associate	Main activities	Ownership %	Amount 2022	Amount 2021
Al Massaleh Real Estate Company K.S.C.P.	Real Estate	21.052%	**1,488,313**	1,658,804

Movement during the period is as follows:

	2022	2021
Balance at the beginning of the year	**1,658,804**	-
Fair value of existing interest in the investment at initial recognition	**-**	2,480,522
Share of result from the associate	**(166,074)**	(214,294)
Share of other comprehensive loss from the associate	**(90,416)**	(4,958)
Impairment losses (a)	**(74,416)**	-
Group's share of treasury shares from associate ("reciprocal interest") (b)	**(252,625)**	(189,426)
Reversal of disposal (disposal) of sub transaction (Note 29)	**413,040**	(413,040)
Balance at end of the year	**1,488,313**	1,658,804

(a) The associate Company is listed on the Kuwait Stock Exchange. The market value of the investment in associate as of the date of the financial statements is KD 1,488,313 (2021 - KD 2,579,743) due to its decrease from the recorded book value, It was decided to record a decrease in the value of the investment by KD 74,416 to be equal to the market value of the investment.
(b) This item represents an interest in equity shares held by the associate Company in the Parent Company. The Group has elected to account for such interest using the treasury shares method.
(c) The Group's share in the associate's potential liabilities as of December 31, 2022 amounted to KD 24,041.

Summarized financial information for the associate is as follows:

Summarized consolidated statement of financial position:

	2022	2021
Assets:		
Current assets	**21,603,222**	7,703,400
Non-current assets	**64,703,158**	90,741,581
Total assets	**86,306,380**	98,444,981
Liabilities:		
Current liabilities	**24,445,244**	31,786,770
Non-current liabilities	**46,471,363**	52,264,246
Total liabilities	**70,916,607**	84,051,016
Total equity	**15,389,773**	14,393,965
Attributable to:		
Equity attributable to shareholders of the Parent Company	**15,776,855**	17,220,219
Non-controlling interests	**(387,082)**	(2,826,254)
	15,389,773	14,393,965

Summarised consolidated statement of profit or loss and other comprehensive income:

	2022	For the period from August 18, 2021, to December 31, 2021
Revenues	**7,438,603**	1,832,133
Expenses	**(5,849,559)**	(2,958,171)
Profit (loss) for the year / period	**1,589,044**	(1,126,038)
Attributable to:		
Shareholders of the Parent Company	**(788,873)**	(1,017,927)
Non-controlling interests	**2,377,917**	(108,111)
	1,589,044	(1,126,038)

7. Investment properties

	2022	2021
Balance at the beginning of year	**8,608,668**	8,461,000
Additions	**20,038**	21,930
Change in fair value	**93,962**	125,738
Balance at the end of year	**8,722,668**	8,608,668

During the year ended December 31, 2018, an investment property was purchased from a related party which has been classified as investment properties with a total consideration amounting to KD 5,000,000. This property is still registered in the name of the related party and the ownership has not yet been transferred to the Group until the final settlement of the balance due to the related party amounting to KD 1,185,000 which is due no later than December 31, 2024 (Note 4).

Management of the Group has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties. Accordingly, Investment properties are recorded at fair value on yearly basis, based on valuations performed by accredited independent valuation experts. Fair value of investment properties is categorized under level 2 and level 3 of the fair value hierarchy using income capitalization approach and comparative market prices approaches as follows:

			2022		
Class of investment property	Valuation technique	Significant inputs	**Level 2**	**Level 3**	**Total**
Lands	Comparative market prices	Price per square meter	**7,123,668**	**-**	**7,123,668**
Residential building	Income capitalization	Operating income generated from the property divided by the market capitalization rate (discount rate)	**-**	**1,599,000**	**1,599,000**
			7,123,668	**1,599,000**	**8,722,668**

			2021		
Class of investment property	Valuation technique	Significant inputs	Level 2	Level 3	Total
Lands	Comparative market prices	Price per square meter	7,044,668	-	7,044,668
Residential building	Income capitalization	Operating income generated from the property divided by the market capitalization rate (discount rate)	-	1,564,000	1,564,000
			7,044,668	1,564,000	8,608,668

No transfer between the fair value hierarchy levels during the year.

8. Property and equipment

	Buildings constructed on land	Tools and equipment	Decorations	Furniture and Fixtures	Vehicles	Total
Cost:						
At January 1, 2021	10,538,000	45,960	15,011	71,619	11,501	10,682,091
Disposal	(10,538,000)	(17,434)	(14,446)	(68,820)	-	(10,638,700)
Foreign currency translation adjustment	-	-	(1)	(7)	-	(8)
At December 31, 2021	-	28,526	564	2,792	11,501	43,383
Additions (Note 29)	10,538,000	-	-	-	-	10,538,000
Disposals	-	-	-	-	(11,501)	(11,501)
Reversal of impairment loss (a)	259,000	-	-	-	-	259,000
Foreign currency translation adjustment	-	-	-	(7)	-	(7)
At December 31, 2022	**10,797,000**	**28,526**	**564**	**2,785**	**-**	**10,828,875**
Accumulated depreciation:						
At January 1, 2021	-	32,664	14,890	67,380	11,501	126,435
Charge for the year (c)	-	2,648	34	1	-	2,683
Related to disposal	-	(17,418)	(14,430)	(64,659)	-	(96,507)
Foreign currency translation adjustment	-	-	(1)	(7)	-	(8)
At December 31, 2021	-	17,894	493	2,715	11,501	32,603
Charge for the year (c)	-	2,719	57	34	-	2,810
Related to disposals	-	-	-	-	(11,501)	(11,501)
Foreign currency translation adjustment	-	-	(1)	(7)	-	(8)
At December 31, 2022	**-**	**20,613**	**549**	**2,742**	**-**	**23,904**
Net book value:						
At December 31, 2021	-	10,632	71	77	-	10,780
At December 31, 2022	**10,797,000**	**7,913**	**15**	**43**	**-**	**10,804,971**

(a) As of 31 December 2022, the Group has tested the recoverable amount of buildings classified under property, plant and equipment based on valuation from independent valuers and witnessed an increase in the book value amounting to KD 259,000, which represents a reversal of impairment losses in the value of property, plant and equipment, which was included in the consolidated statement of profit or loss, as it had a decrease in the book value of those buildings amounting to KD 2,833,002 included in the consolidated statement of profit or loss in previous years.

9. Accounts payable and other credit balances

	2022	2021
Trade payables (a)	**334**	6,792
Accrued expenses	**224,614**	186,150
Revenue received in advance	**105,441**	93,579
Refundable deposits	**37,470**	34,765
Provision for legal cases (Note 20)	**2,008,032**	2,008,032
Other credit balances	**54,121**	42,874
	2,430,012	2,372,192

(a) Trade payables are non - interest bearing and are normally settled on average period of 30 days.

10. Due to an associate company

During the year ended December 31, 2021, the Group sold three buildings built on land to an associate company, and as a result of this transaction, the Group transferred a payable finance lease amounting to KD 5,750,000 related to the property to Al Massaleh Real Estate Company K.S.C.P. (an associate) as a partial settlement of the total sale consideration amounting to KD 12,500,000. The finance lease contract carries an interest rate of 2.25% per annum over the discount rate announced by the Central Bank of Kuwait to be paid in semi-annual installments, and is due for repayment no later than November 28, 2024.

Subsequent to the date of the financial statements and on February 20, 2023, Al Corniche Marine Club Company K.S.C.C. (subsidiary) and Al Massaleh Real Estate Company K.S.C.P. (associate) concluded a contract of transfer and retracted the sale contract drawn up on September 16, 2021 between the two parties due to the lack of purpose and cause. Accordingly, the Group recorded the amount as due to the associate company until the completion of the procedures for transferring the financial lease payable amounting to KD 5,750,000 from Al Massaleh Real Estate Company K.S.C.P. (associate) to Al Corniche Marine Club Company K.S.C.C. (subsidiary).

11. Provision for end of service indemnity

	2022	2021
Balance at beginning of the year	**23,234**	19,590
Charge for the year	**11,342**	6,024
Paid during the year	**(2,471)**	(2,215)
Foreign currency translation adjustment	**(432)**	(165)
Balance at end of the year	**31,673**	23,234

12. Share capital

The authorized, issued and fully paid-up capital consists of 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash (2021: 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash.)

13. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, a minimum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. There was no transfer to statutory reserve, since there is a loss for the year ended December 31, 2022 and accumulated losses.

14. Voluntary reserve

As required by the Parent Company's Articles of Association, a maximum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly of the Parent Company upon recommendation by the Board of Directors. There was no transfer to voluntary reserve, since there is a loss for the year ended December 31, 2022 and accumulated losses.

15. Non - controlling interests which are material to the Group

			Ownership percentage held by the Parent Company		Ownership percentage held by the NCI	
Name of subsidiary	Country of incorporation	Principal Activities	**2022**	2021	**2022**	2021
Al Corniche Marine Club Company K.S.C.C.	Kuwait	Health Club	**87.457%**	87.457%	**12.543%**	12.543%

Summarized financial information for the subsidiary that has non-controlling interests that is material to the Group:

a) Summarized consolidated statement of financial position:

	Al Corniche Marine Club Company K.S.C. (Closed).	
	2022	2021
Current assets	**12,893**	6,740,472
Non-current assets	**13,091,585**	2,297,225
Total assets	**13,104,478**	9,037,697
Current liabilities	**6,091,026**	5,641,393
Non-current liabilities	**5,753,721**	4,346
Total liabilities	**11,844,747**	5,645,739
Net assets	**1,259,731**	3,391,958
Ownership interest held by the NCI	**12.543%**	12.543%
Non-controlling interests	**158,008**	425,453

b) Summarized consolidated statement of profit or loss and other comprehensive income:

	Al Corniche Marine Club Company K.S.C. (Closed).	
	2022	2021
Revenues	**286,051**	2,161,495
Expenses	**(2,404,832)**	(2,284,726)
Loss for the year	**(2,118,781)**	(123,231)
Ownership interest held by the NCI	**12.543%**	12.543 %
Net loss attributable to NCI (a)	**(265,759)**	(15,457)

(a) This amount does not include the non-controlling interest's share of cancelled gain / gain on disposal of certain items of property, plant and equipment to the associate company (Note 29)

16. Treasury shares

	2022	2021
Number of shares	**9,627,000**	9,627,000
Treasury shares ("reciprocal interest") of an associate	**10,066,411**	2,698,211
	19,693,411	12,325,211
Percentage to paid up shares	**8.21%**	5.14%
Market value (KD)	**413,562**	505,334
Cost (KD)	**1,094,266**	841,641

The Parent Company's management has allotted an amount equal to treasury shares balance from the available share premium as of December 31, 2022, such amount will not be available for distribution during the treasury shares holding period.

17. Operating expenses

	2022	2021
Salaries and wages	**33,500**	35,544
Others	**62,231**	64,322
	95,731	99,866

18. General and administrative expenses

	2022	2021
Salaries and wages	**87,630**	80,557
Rent	**5,075**	4,200
Others	**200,609**	210,953
	293,314	295,710

19. Other income

Other income for the year ended December 31, 2021 represents KD 105,678 resulting from the reduction of the provision for electricity and water for the Corniche Marine Club Company K.S.C.C. (The Subsidiary Company) after issuing the experts' report in the lawsuit filed by the Tourism Enterprises Company against the Corniche Marine Club Company K.S.C.C. (the subsidiary Company) to claim the amounts due for the electricity and water expenses for the period from the date of notification by the Tourism Projects Company to the Corniche Marine Club Company K.S.C.C. By vacating site No. (N-1) until the date of the actual evacuation as on October 18, 2020 (Note 20).

20. Legal cases

During previous years, one of the Group subsidiaries (Al Corniche Marine Club Company K.S.C. (Closed)) has acquired utilization right from Touristic Enterprise Company (TEC) to utilize land as leasehold right. This utilization right has expired on June 30, 2013. As per the contract appendix memorandum dated 6 July 1999, this right is renewable to complete a total period of 18 years starting from the commencement date of subsidiary's operations and subject to TEC's contract renewal with the Government. However, the State Audit Bureau instructed (TEC) in 2011 not to renew contracts entered with investors until a committee, headed by the Fatwa and Legislative Department including (TEC) and the Government, studies the contract extension in order to reach a conclusion regarding practical solutions.

On February 12, 2014, the Group was informed by (TEC) that the terms of the agreement had been renewed for a period of one year starting January 28, 2014. The management is of the view that it may not be allowed to continue using the property upon expiring of the contract (effective on January 28, 2015), but might be able to bid for continuing its use. Any official notification on termination of the contract is only to be made through courts of law. In the meanwhile, the Group continues to settle its lease payments at the Ministry of Justice.

On December 12, 2018, the Group was informed by (TEC) that the agreement will expire on March 16, 2019, with no future intention to renew the terms of the agreement. Consequently, the Group sent a formal communication to (TEC) on February 10, 2019 stating that the Group is committed to abandon the property within 60 days from notification of TEC, with disposing all residual assets.

During the year ended December 31, 2019, (TEC) has published a bid offer at the official Gazette to invite companies specialized in the health club sector to apply for bid documents for site No. (N-1) located in the Arabian Gulf region.

On August 26, 2019, Al Corniche Marine Club Company K.S.C. (Closed) has filed a legal case No. (5142/19) Commercial, Civil, Governmental / 07 against (TEC), Al-Madar Real Estate Development Company and the Undersecretary of the Ministry of Finance in his capacity. As Al-Madar Finance and Investment Company (the main owner of Al-Madar Real Estate Development Company) disclosed that Al-Madar Real Estate Development Company received a notification from (TEC) dated August 6, 2019 as a result of the bid on the site (N-1), discarding the offer made by that Company is concluded to be the best offer. The management of the Group considered this decision to be in contrary to the provisions of the law and the constitution and the terms of the bid, therefore, Al Corniche Marine Club Company K.S.C. (Closed) has claimed to revoke the bid for site (N-1) and not to consider the decision to award the bid to Al-Madar Real Estate Development Company, and has further claimed to repeat the bid procedures at the expense of (TEC).

Therefore, during the year ended December 31, 2019, Al-Corniche Marine Club Company K.S.C. (Closed) has filed an urgent legal case No. (1771/19) against (TEC) and Al-Madar Real Estate Development Company, demanding to cease all proceedings of the announcement of the bid for the site (N-1). The first decree verdict regarding the legal case No. (1771/19) was issued on January 27, 2020 which ruled that (TEC) has to suspend all of the proceedings of the announcement of the bid for the site (N-1) and temporarily prevented (TEC) from conducting any new agreement regarding the site (N-1) in addition, the court has awarded Al-Corniche Marine Club Company K.S.C. (Closed) the right to continue using the site (N-1) until the final court resolution is concluded upon. This ruling was appealed by the (TEC) and a court session was scheduled for March 1, 2020, which was postponed until March 15, 2020. This legal case has been filed under new reference 1981/2020 which postponed to 25 April 2021.

On March 9, 2020, (TEC) had filed an urgent legal case No. (20/201) against Al-Corniche Marine Club Company K.S.C. (Closed) demanding immediate exit the site (N-1).

On July 26, 2020, the court of appeal has ruled that the first-degree court is not authorized for ruling in these legal cases and accordingly exonerate all of these legal cases to the administrative counsel for hearing on September 6, 2020.

On August 17, 2020, based on the administrative decision issued by the Undersecretary of the Ministry of Finance No. 1 for 2020, which stipulated the evacuation of the Al-Corniche Marine Club Company K.S.C. (Closed) for the site No. (N-1). Al-Corniche Marine Club Company K.S.C. (Closed) has evacuated the site during the year ended in December 31, 2020.

On October 20, 2020, the Touristic Enterprises Company “TEC” has filed a legal case (7713/2020) claiming Al-Corniche Marine Club Company K.S.C.C. (the subsidiary) for financial compensation for the utilization of the site (N-1) located at Arabian Gulf region amounting to KD 200,000, to be paid on monthly installments starting from date in which (TEC) has notified Al-Corniche Marine Club Company K.S.C.C. to evacuate the site until the date of actual evacuation on October 18, 2020. On February 18, 2021, the supreme court has issued a verdict to dismiss the legal case.

During the year ended December 31, 2021, (TEC) has refiled a legal case (6270/2021) requesting the assignment of experts committee department to clarify the amounts owed by the subsidiary as monthly rental compensation amounting to KD 200,000. On December 2, 2021, the High Court - Commercial 19 ruled to obligate the Corniche Marine Club Company K.S.C.C. (the subsidiary company) to pay KD 2,008,032, the subsidiary company has booked a provision for legal cases in accounts payable and other credit balances, noting that the subsidiary has appealed the two appeals No. 29/2022 and 6880/2021 against the judgment issued, and a court session has been set on April 19, 2022 and the judgment of the appeal was to revoke the judgement, and the return of the case to the first court again, a hearing has been scheduled on May 11, 2023 (Note 9).

The experts' opinion was issued in a lawsuit to delegate an expert to estimate the value of the amounts due for the use of electricity and water No. 7634/2020 - 46 TC filed by the Tourism Enterprises Company against Al-Corniche Marine Club Company K.S.C.C. (The Subsidiary Company). The claim was limited to the value of water and electricity consumption amounting to KD 72,766, and as a result, the subsidiary reversed part of the retained provision amounting to KD 105,678 in other income. The court decision was issued in this case obliging the Group to pay that amount, and the Group appealed the ruling, and in the session of December 14, 2022, the court decided to refer the case to experts. A court session was set for it on May 17, 2023, to receive the report.

21. Basic and diluted losses per share

There are no dilutive ordinary shares expected to be issued. The information necessary to calculate basic and diluted loss per share based on weighted average number of shares outstanding during the period is as follows:

	2022	2021
Total loss for the year attributable to Parent Company's shareholders	**(1,500,492)**	(71,381)
Number of shares outstanding:		
Number of issued shares	**240,000,000**	240,000,000
Less: Weighted average number of treasury shares	**(9,627,000)**	(9,627,000)
Less: Weighted average of treasury shares relating to reciprocal interest with the associate	**(7,018,197)**	(1,005,361)
Weighted average number of shares outstanding at the end of the year	**223,354,803**	229,367,639
Basic and diluted loss per share (fils)	**(6.72)**	(0.31)

22. Segment information

Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Group is divided into divisions to manage its various activities. For the purposes of segment reporting, the Group's management has classified the Group's services into the following:

- Real estate operations: consisting of trading, developing, leasing and managing real estate and rental of investment properties.
- Investing operations: Investing in securities and associates.
- Health club operations: consisting of operations related to sports and health activities .

There are no inter-segmental transactions. The following table presents assets, liabilities, revenues, and expenses information regarding the Group's operating segments.

Information related to each reportable operating segment is set out below:

	2022				2021			
	Real estate operations	**Investment operations**	**Health club operations**	**Total**	Real estate operations	Investment operations	Health club operations	Total
Operating revenue	**345,589**	**-**	**25,643**	**371,232**	318,695	-	19,983	338,678
Operating costs	**(84,825)**	**-**	**(10,906)**	**(95,731)**	(84,199)	-	(15,667)	(99,866)
Operating profit	**260,764**	**-**	**14,737**	**275,501**	234,496	-	4,316	238,812
General and administrative expenses	**(193,598)**	**-**	**(99,716)**	**(293,314)**	(193,210)	-	(102,500)	(295,710)
Depreciation	**(170)**	**-**	**(2,640)**	**(2,810)**	(114)	-	(2,569)	(2,683)
Unrealized gain from financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**	-	511,942	-	511,942
Share of results from an associate	**-**	**(166,074)**	**-**	**(166,074)**	-	(214,294)	-	(214,294)
Impairment losses	**-**	**(74,416)**	**-**	**(74,416)**	-	-	-	-
Change in fair value of investment properties	**93,962**	**-**	**-**	**93,962**	125,738	-	-	125,738
Reversal of impairment loss of property, plant and equipment	**259,000**	**-**	**-**	**259,000**	-	-	-	-
(Cancelled gain) / gain on disposal of property, plant and equipment	**(1,548,960)**	**-**	**-**	**(1,548,960)**	1,552,267	-	-	1,552,267
Provision for legal cases	**-**	**-**	**-**	**-**	-	-	(2,008,032)	(2,008,032)
Other income	**-**	**-**	**67,184**	**67,184**	-	-	105,678	105,678
Interest income	**5,223**	**-**	**-**	**5,223**	3,595	-	-	3,595
Finance costs	**(329,739)**	**-**	**-**	**(329,739)**	(155,958)	-	-	(155,958)
(Loss) gain for the year	**(1,453,518)**	**(240,490)**	**(20,435)**	**(1,714,443)**	1,566,814	297,648	(2,003,107)	(138,645)

	2022				
	Real estate operations	**Investment operations**	**Health club operations**	**Hospitality operations**	**Total**
Total assets	**10,409,443**	**1,488,313**	**10,817,643**	**15,685**	**22,731,084**
Total liabilities	**980,138**	**-**	**8,893,995**	**22,707**	**9,896,840**

	2021				
	Real estate operations	Investment operations	Health club operations	Hospitality operations	Total
Total assets	10,211,103	1,658,804	6,750,863	17,841	18,638,611
Total liabilities	931,403	-	2,730,962	25,828	3,688,193

23. Contingent liabilities

The Group is contingently liable in respect of the following:

	2022	2021
Letter of guarantee	**5,406**	5,406

24. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI and non–financial assets such as investment properties at fair value at each reporting date.

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

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: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's financial instruments that are measured at fair value:

December 31, 2022	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	**-**	**203,561**	**203,561**
Investment properties	**7,123,668**	**1,599,000**	**8,722,668**
	7,123,668	**1,802,561**	**8,926,229**

December 31, 2021	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	175,201	175,201
Investment properties	7,044,668	1,564,000	8,608,668
	7,044,668	1,739,201	8,783,869

There were no transfers among Level 1, Level 2 and Level 3 during the year.

For assets and liabilities that are recognized in the 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.

The management assessed that the fair values of other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent accredited valuer having experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

25. Going Concern Principle

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As of December 31,2022, the loss of the Group is amounting to KD 1,714,443 (2021 – KD 138,645) and Group's accumulated losses is amounting to KD 13,408,251 (2021 – KD 11,907,759), and the current liabilities exceed the current assets by KD 2,603,596 In addition, the gearing ratio had reached 27.92% (Note 28).

The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows, restructure and reschedule its credit facilities, and the financial support of its major shareholders.

In the opinion of the Group's management, despite the existence of significant doubt about the Group's ability to continue as a going concern, which might result in the Group's inability to realize its assets and discharge its liabilities in the normal course of business, the Group's management is studying many strategies to improve operational performance, financial position and adequacy of the Group's financial resources, and it has a firm belief that the Group is able to continue its business as a going concern.

26. General Assembly

The Board of Directors' meeting held on March 30, 2023, proposed not to distribute cash dividends nor to pay Board of Directors' remuneration for the year ended December 31, 2022. This recommendation is subject to the approval of the Shareholders' Annual General Assembly of the Parent Company.

The Annual General Assembly of the Parent Company's Shareholders meeting held on May 31, 2022, approved the consolidated financial statements of the Parent Company and not to distribute cash dividends, nor to pay the Board of Directors remuneration for the year ended December 31, 2021.

27. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, receivables, due from/to related parties, financial assets at FVOCI, due to an associate company and payables and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of market interest rate, for its financial assets and liabilities carrying floating interest rates. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss:

	2022		
	Increase (Decrease) in interest rate	**Balance**	**Effect on consolidated statement of profit or loss**
Short term bank deposit	**± 0.5%**	**400,000**	**± 2,000**
Due to an associate company	**± 0.5%**	**5,750,000**	**± 28,750**
			± 30,750

	2021		
	Increase (Decrease) in interest rate	Balance	Effect on consolidated statement of profit or loss
Short term bank deposit	± 0.5%	300,000	± 1,500

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents, receivables and due from related parties. Receivables is presented net of provision for expected credit losses.

Cash and cash equivalents
The Group's cash and cash equivalents measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash and short term deposits are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash and cash equivalents, receivables and due from related parties.

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

The maturity profile of financial liabilities is as follows:

	2022				
	Within 3 months	**3 - 6 months**	**6-12 months**	**More than 12 months**	**Total**
Accounts payable and other credit balances	**224,948**	**105,441**	**2,099,623**	**-**	**2,430,012**
Due to related parties	**1,685,155**	**-**	**-**	**-**	**1,685,155**
Due to an associate company	**-**	**-**	**-**	**5,750,000**	**5,750,000**
	1,910,103	**105,441**	**2,099,623**	**5,750,000**	**9,865,167**

	2021				
	Within 3 months	3 - 6 months	6-12 months	More than 12 months	Total
Accounts payable and other credit balances	192,942	93,579	2,085,671	-	2,372,192
Due to related parties	1,292,767	-	-	-	1,292,767
	1,485,709	93,579	2,085,671	-	3,664,959

Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as 'at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these financial assets, to which the Group had significant exposure as of the reporting date:

	2022	
	Increase / (decrease) against Kuwaiti Dinar	**Effect on consolidated statement of profit or loss and other comprehensive income**
Financial assets at fair value through other comprehensive income	**± 5%**	**± 10,178**

	2021	
	Increase / (decrease) against Kuwaiti Dinar	Effect on consolidated statement of profit or loss and other comprehensive income
Financial assets at fair value through other comprehensive income	± 5%	± 8,760

28. Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an optimal capital resource structure to reduce the cost of capital.

In order to maintain or adjust the capital resource structure, the Group may adjust the amount of cash dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay facilities or obtain bank facilities.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial facilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2022
Due to an associate company	**5,750,000**
Less: cash and cash equivalents	**(779,200)**
Net debt	**4,970,800**
Total equity	**12,834,244**
Total capital resources	**17,805,044**
Gearing Ratio	**27.92%**

29. Subsequent events

During the year ending 31 December 2021, the Group sold three buildings built on land to Masaleh Real Estate Company K.S.C.P. (associate company) for KD 12,500,000, which was determined based on a valuation report from an independent valuer which was based on comparative market prices, and this transaction was approved by the Board of Directors of the Parent Company on August 16, 2021 and by the shareholders' of the Parent Company on The General Assembly meeting of shareholders held on May 25, 2021.

Based on the terms of the agreement, the total sale price of KD 12,500,000 will be settled as follows:

- Transferring the finance lease payable amounting to KD 5,750,000 from Al Corniche Marine Club K.S.C.C. (subsidiary) to Al Massaleh Real Estate K.S.C.P. according to an agreement between Al Corniche Marine Club K.S.C.C. (associate) according to the agreement between the two companies dated September 22, 2021
- A promissory note payable from Al Massaleh Real Estate K.S.C.P. to Al Corniche Marine Club K.S.C.C. authorised by the Ministry of Justice amounting to KD 6,750,000.

Accordingly, this transaction resulted in a realized profit amounting KD 1,962,000. The Group has excluded KD 413,040 from this profit, which represents the effect of this sub transaction with the associate Company, to the extent of the ownership interest of the Group in the associate Company.

Subsequent to the date of the financial statements and on February 20, 2023, Al Corniche Marine Club Company K.S.C.C. (subsidiary) and Al Massaleh Real Estate Company K.S.C.P. (associate) agreed to cancel the contract of transfer, and withdraw from the sale contract drawn up on September 16, 2021 between them, due to the lack of purpose and cause, and as a result of the Capital Markets Authority's rejection of the application submitted on March 15, 2022 by Al Massaleh Real Estate Company K.S.C.P. (associate) with a request to convert the debt amounting to KD 6,750,000 into shares in Al Massaleh Real Estate Company K.S.C.P. (associate) for Al Corniche Marine Club Company K.S.C.C. (subsidiary). Accordingly, the subsidiary has carried out the following:

- The buildings were recorded under property, plant and equipment by KD 10,538,000 (Note 8), which represents the cost of disposing the buildings, and the profit that resulted from this transaction amounting to KD 1,962,000 was canceled after deducting the disposal amounting to KD 413,040 (Note 6) from this profit, which is the effect of this sub transaction with the associate company to the extent of the ownership interest of the Group in the associate Company.
- Re-recording the finance lease payable amounting to KD 5,750,000 (Note 10), which was previously transferred to Al Masaleh Real Estate Company K.S.C.P. (associate).
- Reducing the balance due from related parties by KD 6,750,000 (Note 4), which represents the promissory note due in the favor of the subsidiary.

The Group is currently in the process of transferring the finance lease payable contract amounting to KD 5,750,000 in favor of the subsidiary, and accordingly, the balance of the finance lease payable will remain the outstanding balance on the associate company against a balance due to the associate company in the Group's records (Note 10) until the completion of the obligation transfer procedures.