TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
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, 2023
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, 2023, 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 the material accounting policies information.

In our opinion, except for any possible effects of the matters described in the "Basis for Qualified Opinion" section in our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, 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

(a) The Group's consolidated financial statements for the year ended December 31, 2023 include an investment in an associate (Al Massaleh Real Estate K.S.C.P.) with a carrying value of KD 714,276 (2022: KD 1,488,313) (Note 6), which represents 4.64% (2022: 6.5%) 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:

- Subsidiaries of the associate representing 1.7% and 8.1% (2022: 17.8% and 24.9%) of the associate's total assets and liabilities respectively, were consolidated based on management accounts prepared by the management of these subsidiaries, where we were unable to verify balances, transactions and disclosures of these subsidiaries, because we were unable to obtain the audited financial statements, nor to have access to the management and auditors.

- The associates representing 5.5% (2022: 4.4%) of the associate's total assets were consolidated using equity method based on management accounts prepared by the management of these associates, where we were unable to verify balances, transactions and disclosures of these associates, because we were unable to obtain the audited financial statements, nor to have access to the management and auditors.

- The associate's consolidated financial statement for the year ended December 31, 2023 include a gain on disposal of discontinued operations amounting to KD 923,630. We were unable to obtain sufficient appropriate audit evidence with respect to the gain on disposal of these discontinued operations, because we were unable to obtain the audited financial statements as of the date of disposal

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We were unable to determine any adjustments that might be necessary regarding these 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 (including International Independence Standards) (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

We draw attention to Note (7) to the Group's consolidated financial statements which indicates that the Group has investment properties amounting to KD 4,664,000 (2022: KD 4,573,667) that are registered in the name of a related party who signed and executed preliminary sale contract in favor of the Group, provided that the Seller retains ownership of property until the consideration is paid in full. Our opinion is not qualified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note (26) to the consolidated financial statements which indicates that the Group's losses amounted to KD 1,469,692 for the year ended December 31, 2023 (2022: KD 1,714,443), that the Group's accumulated losses amounted to KD 14,855,700 (2022: KD 13,408,251) and that the current liabilities exceeded its current assets by KD 4,249,409 (2022: KD 2,603,596). These events indicate that a significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 the matter is provided in that context.

Valuation of investment properties

The investment properties represent 30.3% of the Group's total assets as at December 31, 2023 (2022: 38.4%) which were measured at fair value amounting to KD 4,664,000 (2022: KD 8,722,668) as of that date based on valuation performed 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.

Investment in associates
The carrying value of investment in associates is significant to the Group's consolidated financial statements, because the share of results represent significant part of the Group's results. The Group makes estimates and judgments to assess the existence or absence of any indicators of impairment in the carrying value of the investment in the associates. Therefore, we determined it to be a key audit matter (Note 2 - e) to the consolidated financial statements includes accounting policies for investments in associates.

As part of our audit procedures, we inquired whether the management has identified existence or absence of any indicators of impairment in its associate, including significant changes in economy, market, legal environment, industry or the political environment affecting the associates' business and also considering any changes in the financial condition. We reviewed the appropriateness of the valuation technique and the reasonableness of key assumptions and data used in the impairment test prepared by the management.

Furthermore, we reviewed the adequacy of the disclosures relating to associates, which is provided in Note 6 to the consolidated financial statements.

Other information included in the Group's annual report for the year ended December 31, 2023
Management is responsible for the other information. The other information consists of the information included in the Group's annual report for the year 2023, other than the consolidated financial statements and the auditor's report for the year ended December 31, 2023. We have not received the Group's Annual Report, which also includes the Board of Directors report, prior to the date of our auditor's report, and we expect to receive these reports after the date of our auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. 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
The Parent Company's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Group's 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:

- 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 companies 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.

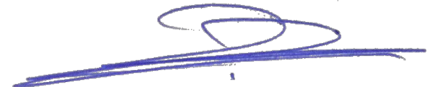
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance with the books of the Parent Company. We further report that, except for the matters described in the "Basis for Qualified Opinion Section" above, 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, 2023 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 materially affected the Parent Company's operations or its consolidated financial position.

Also, in our opinion, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and Organization of Security Activity, and its Executive Regulations, as amended, during the year ended December 31, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations, except for the matter described in Note 16 that the Group holds treasury shares exceeding 10% of its total issued shares.



Dr. Shuaib A. Shuaib
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State of Kuwait
April 21, 2024

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinar)

ASSETS	Note	2023	2022
Current assets:			
Cash and cash equivalents	3	**242,734**	779,200
Accounts receivable and other debit balances		**41,280**	41,090
Due from related parties	4	**114**	691,281
Total current assets		**284,128**	1,511,571
Non-current assets:			
Financial assets at fair value through other comprehensive income ("FVOCI")	5	**197,417**	203,561
Investment in associates	6	**10,246,543**	1,488,313
Investment properties	7	**4,664,000**	8,722,668
Property, plant and equipment	8	**5,202**	10,804,971
Total non-current assets		**15,113,162**	21,219,513
Total assets		**15,397,290**	22,731,084
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other credit balances	9	**2,419,533**	2,430,012
Due to related parties	4	**2,114,004**	1,685,155
Total current liabilities		**4,533,537**	4,115,167
Non-current liabilities:			
Due to an associate	10	**-**	5,750,000
Provision for end of service indemnity	11	**37,538**	31,673
Total non-current liabilities		**37,538**	5,781,673
Total liabilities		**4,571,075**	9,896,840
Equity:			
Share capital	12	**24,000,000**	24,000,000
Share premium		**3,383,153**	3,383,153
Treasury shares	16	**(1,436,019)**	(1,094,266)
Statutory reserve	13	**16,963**	16,963
Voluntary reserve	14	**16,963**	16,963
Cumulative changes in fair value		**(1,804)**	(63,581)
Foreign currency translation reserve		**(485,457)**	(174,745)
Effect of decrease in an associate's ownership of a subsidiary		**83,676**	-
Accumulated losses		**(14,855,700)**	(13,408,251)
Equity attributable to shareholders of the Parent Company		**10,721,775**	12,676,236
Non-controlling interests	15	**104,440**	158,008
Total equity		**10,826,215**	12,834,244
Total liabilities and equity		**15,397,290**	22,731,084

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

Ziad Ahmed Al-Duaij
Chairman

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinar)

	Note	**2023**	2022
Operating income		**295,312**	371,232
Operating costs	17	**(68,599)**	(95,731)
Operating profit		**226,713**	275,501
General and administrative expenses	18	**(282,595)**	(293,314)
Net provision for expected credit losses	20	**(34,687)**	-
Depreciation	8	**(2,716)**	(2,810)
Share of results from associates	6	**(1,150,708)**	(166,074)
Impairment loss on investment in associates	6	**-**	(74,416)
Change in fair value of investment properties	7	**90,332**	93,962
Loss on disposal of investment property	7	**(85,293)**	-
Reversal of impairment loss on property, plant and equipment	8	**-**	259,000
Cancelled gain on disposal of property, plant and equipment	4	**-**	(1,548,960)
Foreign currency difference gains		**33,150**	65,776
Other (expenses) income		**(3,973)**	1,408
Interest income		**9,749**	5,223
Finance costs	4	**(269,664)**	(329,739)
Loss for the year		**(1,469,692)**	(1,714,443)
Attributable to:			
Shareholders of the Parent Company		**(1,416,124)**	(1,500,492)
Non-controlling interests	15	**(53,568)**	(213,951)
		(1,469,692)	(1,714,443)
Basic and diluted loss per share attributable to the Parent Company's Shareholders (fils)	22	**(6.55)**	(6.72)

The accompanying notes from (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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinar)

	Note	**2023**	2022
Loss for the year		**(1,469,692)**	(1,714,443)
Other comprehensive income/loss:			
Items that may be reclassified subsequently to the consolidated statement profit or loss:			
Exchange differences on translating foreign operations		**(10,727)**	(87,050)
Group's share of other comprehensive loss of associates	6	**(299,985)**	(90,416)
Items that will not be reclassified subsequently to the consolidated statement of profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income	5	**30,452**	28,360
Other comprehensive loss for the year		**(280,260)**	(149,106)
Total comprehensive loss for the year		**(1,749,952)**	(1,863,549)
Attributable to:			
Shareholders of the Parent Company		**(1,696,384)**	(1,649,598)
Non-controlling interests		**(53,568)**	(213,951)
		(1,749,952)	(1,863,549)

The accompanying notes from (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 YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company											
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Foreign currency translation reserve	Effect of decrease in an associate's ownership of a subsidiary	Accumulated losses	Subtotal	Non-controlling interests	Total equity
Balance as at January 1, 2022	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
Loss for the year	-	-	-	-	-	-	-	-	(1,500,492)	(1,500,492)	(213,951)	(1,714,443)
Other comprehensive income (loss) for the year	-	-	-	-	-	28,360	(177,466)	-	-	(149,106)	-	(149,106)
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 at 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
Loss for the year	-	-	-	-	-	-	-	-	(1,416,124)	(1,416,124)	(53,568)	(1,469,692)
Other comprehensive income (loss) for the year	-	-	-	-	-	30,452	(310,712)	-	-	(280,260)	-	(280,260)
Total comprehensive income (loss) for the year	-	-	-	-	-	30,452	(310,712)	-	(1,416,124)	(1,696,384)	(53,568)	(1,749,952)
Effect of sale of financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	-	-	31,325	-	-	(31,325)	-	-	-
Effect of decrease in an associate's ownership of a subsidiary (Note 6)	-	-	-	-	-	-	-	83,676	-	83,676	-	83,676
Group's share of treasury shares from an associate ("reciprocal interest") (Note 6)	-	-	(341,753)	-	-	-	-	-	-	(341,753)	-	(341,753)
Balance as at December 31, 2023	**24,000,000**	**3,383,153**	**(1,436,019)**	**16,963**	**16,963**	**(1,804)**	**(485,457)**	**83,676**	**(14,855,700)**	**10,721,775**	**104,440**	**10,826,215**

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

	2023	2022
Cash flows from operating activities:		
Loss for the year	**(1,469,692)**	(1,714,443)
Adjustments for:		
Depreciation	**2,716**	2,810
Share of results from an associate	**1,150,708**	166,074
Impairment loss on investment in associates	**-**	74,416
Change in fair value of investment properties	**(90,332)**	(93,962)
Loss on disposal of investment property	**85,293**	-
Reversal of impairment loss on property, plant and equipment	**-**	(259,000)
Cancelled gain on disposal of property, plant and equipment	**-**	1,548,960
Provision for end of service indemnity	**6,118**	11,342
Interest income	**(9,749)**	(5,223)
Finance costs	**269,664**	329,739
	(55,274)	60,713
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**(190)**	(2,447)
Due from related parties	**23,167**	38,521
Accounts payable and other credit balances	**(10,479)**	57,820
Due to related parties	**159,185**	62,649
Cash flows generated from operations	**116,409**	217,256
Payment of end of service indemnity	**-**	(2,471)
Net cash flows generated from operating activities	**116,409**	214,785
Cash flows from investing activities:		
Paid for acquisition of an associate	**(682,000)**	-
Paid for additions to investment properties	**(6,293)**	(20,038)
Proceeds from sale of financial assets at FVOCI	**36,596**	-
Interest income received	**9,749**	5,223
Net cash flows used in investing activities	**(641,948)**	(14,815)
Net (decrease) increase in cash and cash equivalents	**(525,539)**	199,970
Foreign currency translation adjustments	**(10,927)**	(87,483)
Cash and cash equivalents at the beginning of the year	**779,200**	666,713
Cash and cash equivalents at the end of the year	**242,734**	779,200

Non-cash transactions:

	2023	2022
Due from related parties	**(668,000)**	(6,750,000)
Investment in associates	**9,785,000**	-
Investment properties	**(4,070,000)**	-
Property, plant and equipment	**(10,797,000)**	12,500,000
Due to an associate	**5,750,000**	(5,750,000)
Due to related parties	**(269,664)**	(329,739)
Finance costs	**269,664**	329,739
	-	-

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

1- Parent Company's incorporation and activities:

Taameer Real Estate Investment Company K.S.C. (Public) (the "Parent Company") is a Kuwaiti Public Shareholding Company registered in the State of Kuwait and is listed on Boursa Kuwait. The Parent Company was incorporated based on a Memorandum of Incorporation No. 1168 / Volume 3 dated August 17, 1978, and its subsequent amendments, the latest of which was notarized in Commercial Registry on September 22, 2014.

The Parent Company's main activities based on the Memorandum of Incorporation are as follows:

- 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;
- Hold real estate auctions in accordance with the Ministry's applicable regulations.

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

The consolidated financial statements of the Group were authorized for issue by the Parent Company's Board of Directors on April 21, 2024. 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 the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 the financial assets at fair value through other comprehensive income and investment properties that are stated at their 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 the 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 (w). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2022.

New and revised Standards that are effective for the current year:

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards as at January 1, 2023 as follows:

Amendments to IAS I 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. These 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. These amendments do not have material impact on the consolidated financial statements.

New and revised IFRS Standards in issue but not yet effective:

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed. These amendments are not expected to have any material impact on the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

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

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. These amendments are not expected to have any 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 1 January 2024 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.These amendments are not expected to have any material impact on the consolidated financial statements.

Lack of Exchangeability (Amendments to IAS 21)

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. These amendments are not expected to have any 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 the subsidiary	Country of incorporation	Principal activities	Percentage of holding 2023	Percentage of holding 2022
Al Corniche Marine Club Company K.S.C.C. and its subsidiary	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 subsidiaries	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%

Name of indirectly owned subsidiaries	Country of incorporation	Principal activities	Percentage of holding 2023	Percentage of holding 2022
Held through Al Corniche Marine Club Company K.S.C.C. and its subsidiary				
Al Corniche Marine Club Company Holding - Private Company Limited by Shares (b)	United Arab Emirates	Health club	**100%**	-

(a) The Parent Company effectively owns 100% equity interest in the above entity. 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.

(b) During the financial year ended December 31, 2023, Al Corniche Marine Club Company K.S.C.C. established Al Corniche Marine Club Company Holding - Private Company Limited by Shares (subsidiary) and consolidated it in the consolidated financial statements due to the existence of control by the Parent Company.

Subsidiaries (investees) are those enterprises controlled by the Group. 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 investee's returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee. The Company 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 Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Group has the financial ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the Parent Company's shareholders 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 differences 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 interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the Parent Company's share of components previously recognized in the consolidated other comprehensive income to profit or loss or retained earnings as appropriate.

c) Current vs non-current classification:
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 by the Group 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 date of consolidated statement of financial position.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of consolidated statement of financial position.

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 expected to be settled within twelve months after the date of consolidated statement of financial position.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of consolidated statement of financial position.

The Group classifies all other liabilities as non-current.

d) Financial instruments:
The Group classifies its financial instruments as “Financial assets” and “Financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity 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 recorded at net when the Group has a legally enforceable right to settle the assets and liabilities at net 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, 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 Group’s business model for managing the Group’s 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 group 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 FVTPL. 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.

Initial recognition

Purchases and sales of the 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 by the Group, 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 FVOCI, with gains or losses recycled to the consolidated statement of profit or loss, on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to the consolidated statement of profit or loss on derecognition.
- Financial instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortized costs

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.
- 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. Gain and losses are recognized in the 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 debt instrument and of allocating interest income over the relevant period.

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 receivable, due from related parties are classified as debt instruments at amortized cost.

- Cash and cash equivalents:
  Cash and cash equivalents include cash on 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 for units rental or services performed in the ordinary course of business and are recognized initially at fair value and 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 the 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 lessee 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, where applicable.

For related parties 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 debt instrument.

In applying this forward-looking approach, 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.
- 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.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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 for financial assets 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 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, Murabaha, Tawaruq, advances and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVTPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

Financial liabilities 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 interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) If not, they are presented as non - current liabilities.

  Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A financial liability is derecognized when the obligation under the liability is discharged, 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. 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 the 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 the 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) 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.

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 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 the 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 the consolidated statement of profit or loss.

f) <u>Investment properties:</u>
Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transactions 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. The cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed of (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in 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 its development for selling purposes. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

g) <u>Property, plant and equipment:</u>
The initial cost of property 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 the 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

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 the consolidated statement of profit or loss. 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) Impairment of non-financial assets:
At the end of 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. 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 an appropriate discount rate. The discount rate should reflect 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. The impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the carrying amount of relevant asset is revalued, in which case the impairment loss is treated as a revaluation decrease.

When reversing an impairment loss subsequently, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount due to reversal of impairment loss should 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) Provision for end of service indemnity:
Provision is made for amounts payable to employees under the Kuwaiti Labour Law in the private sector, employee 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. Value of such dividends is recognized in equity.

Non-cash dividends 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 consolidated financial statements date are disclosed as a subsequent event following the date of the consolidated statement of financial position.

k) Share capital:
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l) Share premium
Share premium represents an increase of the cash collected upon issuance of shares from the nominal value of the issued shares. Share premium is not available for distribution except in cases stipulated by the 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 canceled. 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 till the holding period of treasury shares. 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, respectively. 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 Group's company 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 is 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 contractual obligations in the contracts – For a contract that has more than one contractual 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 contractual obligation.
- Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of 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 contractual 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 Group's performance as the Group 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 Group and the Group 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 had 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 on a time apportionment basis.

- **Other income**
  Other income is recognized on 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.

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 each subsequent reporting period, 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 are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure is deducted from the financing costs eligible for recovery.

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

q) Leases:
The Group as a lessor
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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 are recognized as expense on a straight-line basis over the lease term.

r) Zakat:
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, Zakat, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries subject to the same law, share of Zakat paid by Kuwaiti shareholding subsidiaries subject to the same law 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 since there was no profit on which Zakat could be calculated for the year ended December 31, 2023.

s) 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 and subsidiaries listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for since there was no taxable profit on which NLST could be calculated for the year ended December 31, 2023.

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

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

u) 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.

v) Segment information:

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.

w) Critical accounting estimates, assumptions 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. The actual results may differ from such 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 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 Company 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 impairment of accounts receivable
  The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables 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.

  - 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.

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

- 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 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 impairment of accounts receivable
  The extent of provision for accounts receivable involves estimation process. Provision for impairment 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 written-off include ageing analysis, technical assessment and subsequent events. The provisions recognition and write-down of accounts receivable are 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. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13. Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

  The main methods were used to determine the fair value of the investment properties:
  1. Income capitalization approach, where the property's value is estimated based on 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'.
  2. Comparative analysis is based on the assessment made by an independent real estate appraiser 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 (or unquoted securities), the Group establishes fair value by using valuation techniques. They 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 happens when the carrying value of asset (or cash generating unit) exceeds the recoverable amount. It is the higher of the fair value less costs to sell and 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 (or 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

	2023	2022
Cash on hand	**1,750**	2,350
Cash at banks	**277,317**	376,850
Short term bank deposits	**-**	400,000
	279,067	779,200
Provision for expected credit losses (a) (Note 20)	**(36,333)**	-
	242,734	779,200

(a) Cash and cash equivalents include balances denominated in Lebanon Pound and placed inside Republic of Lebanon. In response to the current political and economic events, Banque du Liban (Lebanon's Central Bank) imposed a number of measures including restrictions withdrawals or transferring any money overseas. Accordingly, the Group has no access to such bank balances on timely basis, and the Group made a provision for expected credit losses amounting to KD 36,333 for these cash balances relating to its subsidiary in Republic of Lebanon.

As at December 31, 2022, the effective interest rate on short term deposit is 3.625% per annum; this deposit has a contractual maturity of 90 days.

4- Related party disclosures

The Group has entered into various transactions with related parties i.e., the Shareholders, key management personnel and certain other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows: Significant related party transactions and balances are as follows:

Balances included in consolidated statement of financial position:

	Shareholders	**Other related parties**	**2023**	2022
Due from related parties	**18,680**	**523,972**	**542,652**	1,233,819
Less: Provision for expected credit losses	**(18,566)**	**(523,972)**	**(542,538)**	(542,538)
	114	**-**	**114**	691,281
Due to related parties	**2,010,349**	**103,655**	**2,114,004**	1,685,155
Due to an associate (Note 10)	**-**	**-**	**-**	5,750,000

Amounts due from / to related parties are interest free and are receivable / payable on demand.

Transactions included in the consolidated statement of profit or loss:

	Nature of the relationship	2023	2022
Cancelled gain on disposal of property, plant and equipment	Shareholders	**-**	(1,548,960)
Finance costs	Shareholders	**(269,664)**	(329,739)
Loss on disposal of investment property	Other related parties	**(85,293)**	-

5- Financial assets at fair value through other comprehensive income ("FVOCI")

	2023	2022
Equity securities	**197,417**	203,561

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**203,561**	175,201
Disposals	**(36,596)**	-
Changes in fair value	**30,452**	28,360
Balance at the end of the year	**197,417**	203,561

Financial assets at fair value through other comprehensive income ("FVOCI") are denominated in Kuwaiti Dinar.

The financial assets at fair value through other comprehensive income are valued based on the valuation basis as described in Note 25.

6- Investment in associates

Name of the associate	Country of incorporation	Principal activities	Percentage of holding	2023	2022
Al Massaleh Real Estate K.S.C.P. (a)	Kuwait	Real Estate	21.052%	**714,276**	1,488,313
Phoenix International Holding Limited – Private Company Limited by Shares (b)	United Arab Emirates	Real Estate	49.618%	**9,532,267**	-
				10,246,543	1,488,313

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**1,488,313**	1,658,804
Acquisition of an associate (b)	**10,467,000**	-
Share of results from associates	**(1,150,708)**	(166,074)
Share of other comprehensive loss of associates	**(299,985)**	(90,416)
Impairment losses	**-**	(74,416)
Group's share of treasury shares from an associate ("reciprocal interest") (c)	**(341,753)**	(252,625)
Effect of decrease in an associate's ownership of a subsidiary	**83,676**	-
Cancellation of disposal of sub transaction	**-**	413,040
Balance at the end of the year	**10,246,543**	1,488,313

(a) The associate is listed on the Boursa Kuwait. The market value of the investment in associate as of the date of the consolidated financial statements is KD 1,473,416 (2022: KD 1,488,313).

(b) During the financial year ended December 31, 2023, the Group acquired equity securities in Phoenix International Holding Limited – Private Company Limited by Shares (associate) as follows:

- Al Corniche Marine Club Company Holding -Private Company Limited by Shares (subsidiary of Al Corniche Marine Club Company K.S.C.C.) acquired 164,532 shares in the associate against the transfer of ownership of buildings amounting to KD 10,797,000 (Note 8) and transfer of outstanding obligation amounting to KD 5,750,000 (Note 10) from Al Corniche Marine Club Company K.S.C.C. (subsidiary) to the associate, and it, therefore, holds 23.93% of the associate's shares against net contribution amounting to KD 5,047,000.

- On August 23, 2023 and September 10, 2023, the Parent Company's Board of Directors agreed to contribute to the associate's capital through settling the outstanding obligations on Al Massaleh Real Estate Company (K.S.C.P.) (Shareholder) amounting to KD 668,000 through the transfer of investment portfolio held by the latter in favor of the Parent Company which, in its turn, waives of the investment portfolio and pay KD 682,000 to the associate. Accordingly, 44,010 shares were issued in favor of the Parent Company.

  On September 25, 2023, the Parent Company's Board of Directors approved to dispose and transfer an investment property amounting to KD 4,070,000 in favor of the associate against the issuance of 132,682 shares for the Parent Company.

  Based on the previous, the Parent Company directly holds 176,692 shares representing 25.69% of the associate's ownership in consideration for net contributions amounting to KD 5,420,000.

- As at December 31, 2023, the Group owns 49.618% in return for net paid contributions amounting to KD 10,467,000.

(c) This item represents an interest in equity shares held by the associate in the Parent Company. The Group has elected to account for such interest using the treasury shares method.

The Group's share in the associate's contingent liabilities as of December 31, 2023, amounted to KD 24,041 (2022: KD 24,041).

Summarized financial information for the material associates is as follows:

	Al Massaleh Real Estate K.S.C. P		**Phoenix International Holding Limited – Private Company Limited by Shares**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
Assets:						
Current assets	**6,596,463**	27,353,222	**4,349,563**		**10,946,026**	27,353,222
Non-current assets	**72,599,372**	64,703,158	**67,033,142**	-	**139,632,514**	64,703,158
Total assets	**79,195,835**	92,056,380	**71,382,705**	-	**150,578,540**	92,056,380
Liabilities:						
Current liabilities	**7,925,799**	24,445,244	**34,363**	-	**7,960,162**	24,445,244
Non-current liabilities	**51,886,955**	52,221,363	**51,748,458**	-	**103,635,413**	52,221,363
Total liabilities	**59,812,754**	76,666,607	**51,782,821**	-	**111,595,575**	76,666,607
Net assets	**19,383,081**	15,389,773	**19,599,884**	-	**38,982,965**	15,389,773
Attributable to:						
Equity attributable to shareholders of the Parent Company	**11,278,790**	15,776,855	**19,599,884**	-	**30,878,674**	15,776,855
Non-controlling interests	**8,104,291**	(387,082)	**-**	-	**8,104,291**	(387,082)
Percentage of holding	**21.052%**	21.052%	**49.618%**	-	**-**	-
Share in associate's net assets	**2,374,411**	3,321,344	**9,725,070**	-	**12,099,481**	3,321,344
Adjustments to the Group's interest in treasury shares of an associate ("reciprocal interest")	**(1,660,135)**	(1,833,031)	**(192,803)**	-	**(1,852,938)**	(1,833,031)
Carrying value of investment in associate	**714,276**	1,488,313	**9,532,267**	-	**10,246,543**	1,488,313

Summarized statement of profit or loss:

	Al Massaleh Real Estate K.S.C. P		**Phoenix International Holding Limited – Private Company Limited by Shares**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
Revenue	**6,563,397**	7,438,603	**4,841,476**	-	**11,404,873**	7,438,603
Expenses	**(13,805,107)**	(5,849,559)	**(5,843,830)**	-	**(19,648,937)**	(5,849,559)
Net (Loss) profit for the year	**(7,241,710)**	1,589,044	**(1,002,354)**	-	**(8,244,064)**	1,589,044
Attributable to:						
Equity attributable to shareholders of the Parent Company	**(4,428,137)**	(788,873)	**(1,002,354)**	-	**(5,430,491)**	(788,873)
Non-controlling interests	**(2,813,573)**	2,377,917	**-**	-	**(2,813,573)**	2,377,917
	(7,241,710)	1,589,044	**(1,002,354)**	-	**(8,244,064)**	1,589,044
Percentage of holding	**21.052%**	21.052%	**-**	-	**-**	-
Share of associate's results	**(932,211)**	(166,074)	**(218,497)**	-	**(1,150,708)**	(166,074)

7- Investment properties

	2023	2022
Balance at the beginning of the year	**8,722,668**	8,608,668
Additions	**6,293**	20,038
Disposals (Note 6)	**(4,155,293)**	-
Change in fair value of investment properties	**90,332**	93,962
Balance at the end of the year	**4,664,000**	8,722,668

- 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 pending 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.

- During the financial year ended December 31, 2023, the Group disposed of an investment property amounting to KD 4,070,000 with carrying value of KD 4,155,293, which resulted in loss on disposal of an investment property amounting to KD 85,293 in consideration for acquisition of shares in Phoenix International Holding Limited – Private Company Limited by Shares (Note 6).

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:

			2023		
Class of investment property	Valuation technique	Significant inputs	**Level 2**	**Level 3**	**Total**
Lands	Comparable market prices	Price per square meter	**4,664,000**	**-**	**4,664,000**

			2022		
Class of investment property	Valuation technique	Significant inputs	Level 2	Level 3	Total
Lands	Comparable market prices	Price per square meter	7,123,668	-	7,123,668
Residential buildings	Income capitalization approach	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

There were no transfers between the levels during the year.

8- Property, plant and equipment

	Buildings on lands	Tools and equipment	Decorations	Furniture and fixtures	Vehicles	Total
Cost:						
At January 1, 2022	-	28,526	564	2,792	11,501	43,383
Additions	10,538,000	-	-	-	-	10,538,000
Disposals	-	-	-	-	(11,501)	(11,501)
Reversal of impairment losses (a)	259,000	-	-	-	-	259,000
Foreign currency translation adjustments	-	-	-	(7)	-	(7)
At December 31, 2022	10,797,000	28,526	564	2,785	-	10,828,875
Disposals (b)	(10,797,000)	-	-	-	-	(10,797,000)
Foreign currency translation adjustments	-	-	(508)	(2,506)	-	(3,014)
At December 31, 2023	**-**	**28,526**	**56**	**279**	**-**	**28,861**
Accumulated depreciation:						
At January 1, 2022	-	17,894	493	2,715	11,501	32,603
Charge for the year	-	2,719	57	34	-	2,810
Related to disposals	-	-	-	-	(11,501)	(11,501)
Foreign currency translation adjustments	-	-	(1)	(7)	-	(8)
At December 31, 2022	-	20,613	549	2,742	-	23,904
Charge for the year	-	2,711	-	5	-	2,716
Foreign currency translation adjustments	-	-	(493)	(2,468)	-	(2,961)
At December 31, 2023	**-**	**23,324**	**56**	**279**	**-**	**23,659**
Net carrying value:						
At December 31, 2022	10,797,000	7,913	15	43	-	10,804,971
At December 31, 2023	**-**	**5,202**	**-**	**-**	**-**	**5,202**

(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 carrying 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.

(b) During the year ended December 31, 2023, Al Corniche Marine Club Company - K.S.C.C. and its subsidiary (subsidiary) acquired 164,532 shares representing 23.93% of Phoenix International Holding Limited – Private Company Limited by Shares (associate) in consideration for ownership transfer of properties at total amount of KD 10,797,000 to Phoenix International Holding Limited – Private Company Limited by Shares (associate) (Note 6), accordingly the property, plant and equipment was written down by the same amount.

9- Accounts payable and other credit balances

	2023	2022
Trade payables (a)	**8,247**	334
Accrued expenses	**202,796**	224,614
Revenue received in advance	**127,492**	105,441
Refundable deposits	**38,315**	37,470
Provision for legal cases (Note 19)	**2,008,032**	2,008,032
Other credit balances	**34,651**	54,121
	2,419,533	2,430,012

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

10- Due to an associate

During the year ended December 31, 2023, the Group transferred the existing obligation on Al Corniche Marine Club Company - K.S.C.C. and its subsidiary (subsidiary) amounting to KD 5,750,000 (Note 4,6) to Phoenix International Holding Limited Company - Private Company limited by Shares - (associate), as part of the agreement to increase the capital of the associate company.

11- Provision for end of service indemnity

	2023	2022
Balance at the beginning of the year	**31,673**	23,234
Charge for the year	**6,118**	11,342
Paid during the year	**-**	(2,471)
Foreign currency translation adjustments	**(253)**	(432)
Balance at the end of the year	**37,538**	31,673

12- Share capital

The authorized, issued and paid-up share capital consists of 240,000,000 shares of 100 fils each and all shares are in cash (2022: 240,000,000 shares of 100 fils each and all shares are in cash).

13- Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, at least 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such transfer when the statutory reserve exceeds 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Since there is a loss for the year and accumulated losses, there was no transfer to statutory reserve during the year.

14- Voluntary reserve

As required by the Parent Company's Articles of Association, a percentage of no more than 10% of the profit for the year before contribution to KFAS, NLST, and Zakat is transferred to the voluntary reserve. Such transfer may be discontinued by a resolution of the General Assembly of Parent Company Shareholders upon a proposal by the Board of Directors. Since there is a loss for the year and accumulated losses, there was no transfer to voluntary reserve during the year.

15- Subsidiary with non-controlling interests which are material to the Group

Name of the subsidiary	Country of incorporation	Principal activities	Ownership percentage of the Parent Company		Ownership interest held by the NCI	
			2023	2022	**2023**	2022
Al Corniche Marine Club Company K.S.C.C. and its subsidiary	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 statement of financial position:

	Al Corniche Marine Club Company K.S.C.C. and its subsidiary	
	2023	2022
Current assets	**13,918**	12,893
Non-current assets	**7,237,525**	13,091,585
Total assets	**7,251,443**	13,104,478
Current liabilities	**5,903,825**	6,091,026
Non-current liabilities	**514,962**	5,753,721
Total liabilities	**6,418,787**	11,844,747
Net assets	**832,656**	1,259,731
Ownership interest held by the NCI	**12.543%**	12.543%
Net assets attributable to NCI	**104,440**	158,008

(b) **Summarized Statement of profit or loss and other comprehensive income:**

	Al Corniche Marine Club Company K.S.C.C. and its subsidiaries	
	2023	2022
Revenue	**80,356**	286,051
Expenses	**(507,428)**	(1,991,792)
Loss for the year	**(427,072)**	(1,705,741)
Ownership interest held by the NCI	**12.543%**	12.543%
Net loss attributable to NCI	**(53,568)**	(213,951)

16- Treasury shares

	2023	2022
Number of shares	**9,627,000**	9,627,000
Treasury shares from an associate ("reciprocal interest")	**23,724,651**	10,066,411
	33,351,651	19,693,411
Percentage of paid up shares (%)	**13.90%**	8.21%
Market value (KD)	**453,582**	413,562
Cost (KD)	**1,436,019**	1,094,266

The Parent Company's management has allotted an amount equal to treasury shares balance from share premium as at December 31, 2023. This balance is not available for distribution during the Group's retention period of these treasury shares.

During the year ended December 31, 2023, the Parent Company acquired interests representing 49.618% of Phoenix International Holding Limited – Private Company Limited by Shares (associate), which, in turn, holds 35,000,000 shares of the Parent Company. Consequently, the reciprocal interest of treasury shares was accounted for and added to the treasury shares of the Group bringing the total to 23,724,651 shares representing total reciprocal interests with associates plus 9,627,000 shares which are directly held by the Parent Company and its subsidiaries. Accordingly, the total shares becomes 33,351,651 shares representing 13.90% of the issued shares.

17- Operating costs

	2023	2022
Salaries and wages and other benefits	**23,804**	33,500
Miscellaneous	**44,795**	62,231
	68,599	95,731

18- General and administrative expenses

	2023	2022
Salaries and wages and other benefits	**74,418**	87,630
Rent	**12,650**	5,075
Miscellaneous	**195,527**	200,609
	282,595	293,314

19- Legal claims

During previous years, one of the Group's subsidiaries (Al Corniche Marine Club Company K.S.C. (Closed)) (subsidiary) 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 Group 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. 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 right of utilization agreement will expire on March 16, 2019, with no future intention to renew the terms of the agreement. Consequently, the Group sent a formal commitment 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 a summary legal claim 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) to suspend all of the proceedings of the announcement of the bid for the site (N-1) and temporarily prevented (TEC) from concluding 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 a summary legal claim 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 Court of First Instance did not have jurisdiction to hear the legal case and accordingly to refer all these legal cases to the administrative circuit 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) from 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 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 Court of First Instance - Commercial 19 ruled to obligate the Corniche Marine Club Company K.S.C.C. (the subsidiary) to pay KD 2,008,032, the subsidiary has recorded a provision for legal cases under accounts payable and other credit balances, noting that the subsidiary has appealed by 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 bring the case back to the Court of First Instance, a hearing has been scheduled on November 3, 2022 before the new commercial/first instance circuit (48). The case was adjourned for the hearing of May 11, 2023 and it was referred to Expert Department and a hearing was set on September 21, 2023 to peruse the Experts' report. On November 2, 2023, the Court decided to set the case for adjudication on November 16, 2023, whereon it rendered a judgment obligating the Company to pay KD 2 million. Both Company and the Litigant have brought appeals against this judgment for which the hearing of March 19, 2024 was set to consider the appeal. The court decided to set the appeal for adjudication for the session of April 23, 2024.

20- Net provision for expected credit losses

	2023	2022
Cash and cash equivalents (Note 3)	**(36,333)**	-
Accounts receivable and other debit balances	**1,649**	-
	(34,684)	-

21- 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, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates, transfer to statutory reserve, and any accumulated losses. No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated.

22- Basic and diluted loss per share

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

	2023	2022
Loss for the year attributable to the Parent Company's Shareholders	**(1,416,124)**	(1,500,492)
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 ownership with the associate	**(14,093,501)**	(7,018,197)
Weighted average number of shares outstanding at the end of the year	**216,279,499**	223,354,803
Total basic and diluted loss per share (fils)	**(6.55)**	(6.72)

23- 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.

	2023				2022			
	Real estate operations	**Investing operations**	**Health club operations**	**Total**	Real estate operations	Investing operations	Health club operations	Total
Operating income	**260,122**	**-**	**35,190**	**295,312**	345,589	-	25,643	371,232
Operating costs	**(61,881)**	**-**	**(6,718)**	**(68,599)**	(84,825)	-	(10,906)	(95,731)
Operating profit	**198,241**	**-**	**28,472**	**226,713**	260,764	-	14,737	275,501
General and administrative expenses	**(188,182)**	**-**	**(94,413)**	**(282,595)**	(193,598)	-	(99,716)	(293,314)
Net provision for expected credit losses	**-**	**(34,687)**	**-**	**(34,687)**	-	-	-	-
Depreciation	**(83)**	**-**	**(2,633)**	**(2,716)**	(170)	-	(2,640)	(2,810)
Share of results from associates	**-**	**(1,150,708)**	**-**	**(1,150,708)**	-	(166,074)	-	(166,074)
Impairment loss on investment in associates	**-**	**-**	**-**	**-**	-	(74,416)	-	(74,416)
Change in fair value of investment properties	**90,332**	**-**	**-**	**90,332**	93,962	-	-	93,962
Loss on disposal of investment property	**(85,293)**	**-**	**-**	**(85,293)**	-	-	-	-
Reversal of impairment loss on property, plant and equipment	**-**	**-**	**-**	**-**	259,000	-	-	259,000
Cancelled gain on disposal of property, plant and equipment	**-**	**-**	**-**	**-**	(1,548,960)	-	-	(1,548,960)
Foreign currency difference gains	**33,150**	**-**	**-**	**33,150**	65,776	-	-	65,776
Other (expenses) income	**(9,065)**	**-**	**5,092**	**(3,973)**	-	-	1,408	1,408
Interest income	**9,749**	**-**	**-**	**9,749**	5,223	-	-	5,223
Finance costs	**(269,664)**	**-**	**-**	**(269,664)**	(329,739)	-	-	(329,739)
Loss for the year	**(220,815)**	**(1,185,395)**	**(63,482)**	**(1,469,692)**	(1,387,742)	(240,490)	(86,211)	(1,714,443)

	2023				
	Real estate operations	**Investing operations**	**ealth club operations**	**Hospitality operations**	**Total**
Total assets	**2,585,226**	**10,443,960**	**2,351,037**	**17,067**	**15,397,290**
Total Liabilities	**1,111,964**	**-**	**3,434,403**	**24,708**	**4,571,075**

	2022				
	Real estate operations	Investing operations	Health club operations	Hospitality operations	Total
Total assets	10,205,882	1,691,874	10,817,643	15,685	22,731,084
Total Liabilities	980,138	-	8,893,995	22,707	9,896,840

24- Contingent liabilities

The Group is contingently liable in respect of the following:

	2023	2022
Letter of guarantee	**5,406**	5,406

25- Fair value measurement

The Group measures financial assets such as financial assets at FVOCI, non-financial assets such as investment properties at fair value at end of the financial period.

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.
- 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 shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

December 31, 2023	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income ("FVOCI")	**-**	**197,417**	**197,417**
Investment properties	**4,664,000**	**-**	**4,664,000**
Total	**4,664,000**	**197,417**	**4,861,417**

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

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

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

The basis of the valuation of investment properties is fair value. The investment property is revalued annually based on independent accredited valuers 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 take into consideration occupancy rates and returns on investment.

26- Going concern

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 at December 31, 2023, the Group's loss amounted to KD 1,469,692 (2022: KD 1,714,443) and Group's accumulated losses amounted to KD 14,855,700 (2022: KD 13,408,251), and the current liabilities exceed the current assets by KD 4,249,409 (2022: KD 2,603,596).

The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows, restructure 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 studies several strategies to improve and enhance the operational performance, financial position, and sufficiency of the Group's capital resource and it strongly believes that the Group will be able continue as a going concern.

27- General Assembly

The Board of Directors meeting held on April 21, 2024 has recommended not to distribute cash dividends nor remuneration to board members for the financial year ended December 31, 2023. 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 30, 2023, 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 financial year ended December 31, 2022.

28- 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. As a result, it 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 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 reprised 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 through the impact on floating rate borrowings:

	2022		
	Increase (decrease) in interest rate	Balances as at December 31,	Effect on the consolidated statement of profit or loss
Short term bank deposits	± 0.5%	400,000	± 2,000
Due to an associate	± 0.5%	5,750,000	± 28,750
			± 30,750

Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge contractual obligations 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, accounts receivables and due from related parties. Receivables balance is recognized 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 calculated based on the 12 months expected loss. The Group's cash and short-term bank 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 is 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. The customer receivables are regularly monitored.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying value 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 term 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.

Maturity table for financial liabilities:

			2023		
	Less than 3 months	**3 - 6 months**	**6 - 12 months**	**More than 12 months**	**Total**
Accounts payable and other credit balances	**211,043**	**127,492**	**2,080,998**	**-**	**2,419,533**
Due to related parties	**2,114,004**	**-**	**-**	**-**	**2,114,004**
	2,325,047	**127,492**	**2,080,998**	**-**	**4,533,537**

			2022		
	Less than 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	-	-	-	5,750,000	5,750,000
	1,910,103	105,441	2,099,623	5,750,000	9,865,167

Equity price risk:
Equity price risk is the risk that fair values of equity instruments 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 "financial assets at fair value through profit or loss and financial asset at fair value through other comprehensive income. To manage such risks, the Group diversifies its investee segments 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 equity instruments, to which the Group had significant exposure as of the consolidated financial statements date:

	2023	
	Increase (decrease) against Kuwaiti Dinar	**Effect on the consolidated statement of profit or loss and other comprehensive income**
Financial assets at fair value through other comprehensive income	**± 5%**	**± 9,871**

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

29- Capital risk management

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

In order to maintain or adjust the capital resource's 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 additional facilities.