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للفنادق والمنتجعات
Hotels & Resorts

Annual Report 2023

Table of contents

Board Members 07

Chairman’s report 08

Governance report – 31 December 2023 13

Remuneration report – 31 December 2023 27

Consolidated Financial Statements and Auditor’s Report – 31 December 2023 29

H.H. Mishal Al-Ahmad Al-Jaber Al-Sabah
the Emir of Kuwait

IFA Hotels & Resorts a worldwide leader in the development of mixed-use hotel and residential resort projects

Projects

Middle East

Kingdom of Sheba – Palm Jumeirah, Dubai
The Residence – Palm Jumeirah, Dubai
Fairmont the Palm Hotel – Palm Jumeirah, Dubai
Fairmont Heritage Place – Palm Jumeirah, Dubai
The Palm Residence – Palm Jumeirah, Dubai
Laguna Tower – Jumeirah Lakes, Dubai
ORLA Dorchester – Palm Jumeirah, Dubai
ORLA Infinity – Palm Jumeirah, Dubai
Wyndham Residences – Palm Jumeirah, Dubai

Africa

Entabeni Private Game Reserve, South Africa
Zimbali Costal Resort, South Africa
Zimbali Lakes Resort, South Africa
Zimbali office Estate, South Africa
Legend Golf & Safari Resort, South Africa
Zebra Lodge, South Africa
Zimbali Boulevard Suites, South Africa

Europe

Pine Cliffs Resort, Portugal

Board Members

Khaled Saeed Esbaitah	Chairman
Talal Jassim Al-Bahar	Vice Chairman
Ibrahim Saleh Al-Therban	Board Member
Emad Abdullah Al-Essa	Board Member
Carlos Alberto Leal	Board Member
Bander Suliaman Al-Jarallah	Board Member

Chairman's Statement

Dear shareholders,

Greetings,

On behalf of members of the Board of Directors of IFA Hotels & Resorts and myself, I am pleased to present you with the Company's annual report for the financial year ended 31 December 2023.

Financial Performance

For the fiscal year 2023, IFA Hotels & Resorts recorded year-end revenue of KD35,117,324 (US$114,481,904), with a net profit attributable to the Owners of the parent company totaling KD13,914,688 (US$45,361,656) which is 75.90 fils per share.

Shareholders' equity increased to KD18,048,862 (US$58,838,996), while the company's total assets increased by 4% to KD206,878,253 (US$674,419,733) compared to KD198,470,067 (US$647,959,736) for 2022.

Operations

The year 2023 once again saw growth in the hospitality and residential sectors in the UAE. ADR and overall revenues in hospitality improved from 2022 and rates per foot on residential assets also saw gains. Revenues across all hospitality assets were significantly above 2022 levels in a buoyant tourist market.

Highlights from our UAE development business were once more created by our joint venture enterprises with Omniyat.

Orla, Dorchester Collection, the first phase of the development, continued to receive, sales interest with 87% of the 4.2Billion Dirham project having been sold or booked by the close of 2023.

This year also saw the launch of Orla Infinity, phase 2 of the development. Pre-launch occurred across the second and third quarters. The official launch was in October, and by year end, the majority of units had been booked or sold. Both projects have taken their position in the Palm Jumeirah market as standout residential assets and the very highest levels of design, quality, and exclusivity.

2023 also saw the launch of Dubai's first fully licensed timeshare business, Aria Vacation Club. Aria Vacation Club will utilize the bulk of the hotel apartments within Balqis Residence and first sales started in March 2023. The first few months have seen healthy sales progress with continued improvement during the first year of operation.

Our Dubai based Integrated Property Management entity - Strive Services Group – had a strong year building upon the continued pace of growth of property development within the Emirate. With four companies within the Group, Strive now employs more than 1,000 employees and is primarily targeting the prime residential and commercial built-asset sectors.

Domus Managed Housing is the staff housing entity and now accommodates more than 7,000 employees within its accommodation blocks. Domus is growing from strength to strength and the company is actively looking at aggressive expansion throughout the UAE and Saudi Arabia.

Activity at Zimbali Lakes continued its positive trajectory over the past year. The prestige of the Zimbali brand is undeniable, as is the Master Developer's commitment to quality and timeless design which positions the estate as one providing assets that will appreciate over time.

Land transfers in Phase 1 and 2, valued at R 101million, took place in 2023

Sales of the most expensive real estate at Zimbali Lakes in Phase 3 and the newly launched 106 single residential sites in the Tatali Views precinct have seen a positive uptake despite a tough local and international economy. The 18-hole Zimbali Lakes Golf Course is the only new golf course currently under construction in South Africa and is progressing well.

Sales interest across the entire Zimbali Lakes development remains healthy and we hope to see a positive change to the sales momentum after the National Elections on 29 May 2024.

The Legends JV has concluded a number of land sales which will realize cash for the JV and ultimately for its shareholders in the new year.

To conclude, 2023 has been a standout year for the group's performance across several verticals. Positivity and growth in ongoing revenue streams across our asset classes, progress in sales of ultra-luxury residential assets and strategic decisions in cost control have resulted in formidable advances for the group.

We take this opportunity once more to appreciate the ongoing support given towards the company's progress from shareholders, management and employees alike.

Khaled Saeed Esbaitah
Chairman

Key Financial Indicators
Financial year ended
31 December 2023

(Million KD)

Total Assets
206,878 fiscal year 2023
198,470 fiscal year 2022

4%
+

Net Profit
13,914 fiscal year 2023
2.896 fiscal year 2022

380%
+

Total Income
42,003 fiscal year 2023
23,813 fiscal year 2022

76%
+

Shareholders' Equity
18,048 fiscal year 2023
5,367 fiscal year 2022

236%
+

Listed on the Kuwait Stock Exchange, IFA Hotels & Resorts (IFA HR) is a leader in the development of mixed-use hotel and residential resort projects as well as luxury leisure services.

With a significant global footprint of premium vacation and residential destinations in place, the current focus of IFA HR is two-fold. Firstly, to maintain its core businesses in existing markets by delivering superior products to customers; secondly, to drive expansion into residential operating companies providing both retail and wholesale property management services.

15000+
Keys

21+
Countries

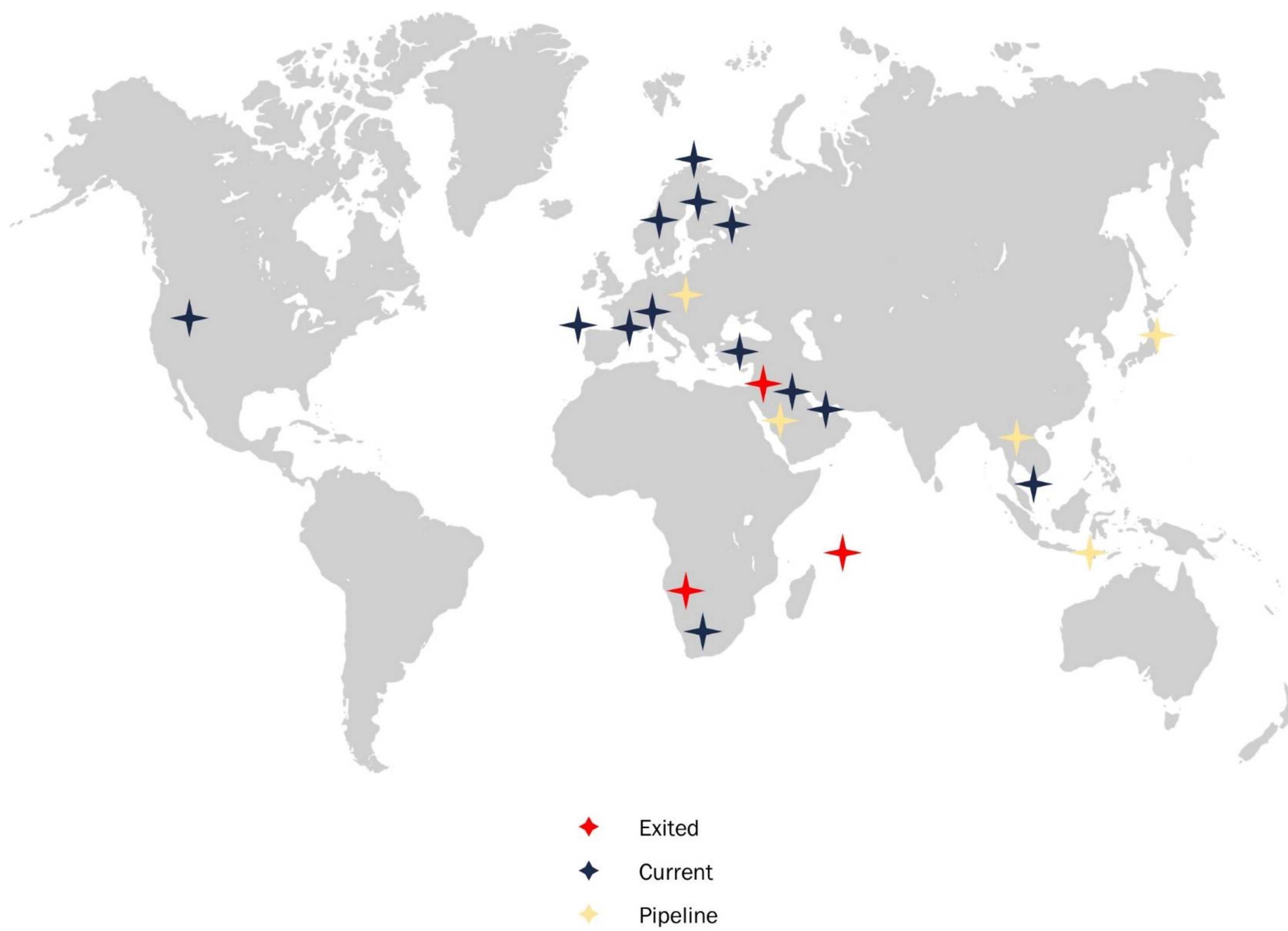
50+
F&B outlets

10+
International brands

3000+
Employees

44+
Hotels

Our Geographical Presence



Annual Governance Report
IFA Hotels and Resorts K.P.S.C
For financial year ended 31 December 2023

Message from the Chairman

Dear Stakeholders,

I am pleased to present you with IFA Hotels and Resorts Company's annual Governance Report, for financial year ended 31 December 2023. The report shows the extent of the company's compliance with the rules and requirements of Book Fifteen (Corporate Governance), of the Executive Bylaws of Law No. 7 of 2010 regarding the establishment of Capital Markets Authority and regulating securities and its amendments.

During 2023, the company disclosed its quarterly and annual financial results, Board of Directors meetings' dates and resolutions, and any alteration to executive management in a regular and simultaneous basis, and as soon as they occurred.

The company also updated its list of insiders as soon as any change occurred, and reviewed and updated its governance policies in line with rules and regulations changes to corporate governance

Khaled Saeed Esbaitah
Chairman

Introduction

IFA Hotels and Resorts adopts sound governance principles, international best practices and standards, and adheres to the requirements issued by the Capital Markets Authority, Boursa Kuwait, and the Ministry of Commerce, in a way that ensures smooth workflow, flexibility in dealing with constant challenges, and maintaining balanced relations between the Company and stakeholders.

The Company is also committed to the highest degrees of disclosure and transparency by continuously updating investors and stakeholders of financial performance and material information through disclosure on the Kuwait Stock Exchange website and the Company's website.

The company follows the principle of fairness in dealing with all shareholders in a way that ensures that all shareholders practice their rights stipulated in the laws, legislation and the Company's Articles of Association, and provides them with all the necessary information, including the dates of the Company's general assembly meetings.

Accountability
The right of the Company's shareholders to hold the Board of Directors and executive management accountable, guaranteed by Companies Act and the Company's Article of Association

Transparency
Openness in all Company's transactions, ensuring that all its disclosures are clear and verified

Equality
Equality between the minor and major shareholders in their right to participate in annual general meetings and hold the Board of Directors accountable

Responsibility
Ensure that each member of the Board of Directors and executive management carries on their responsibilities with integrity and a high degree of professional ethics

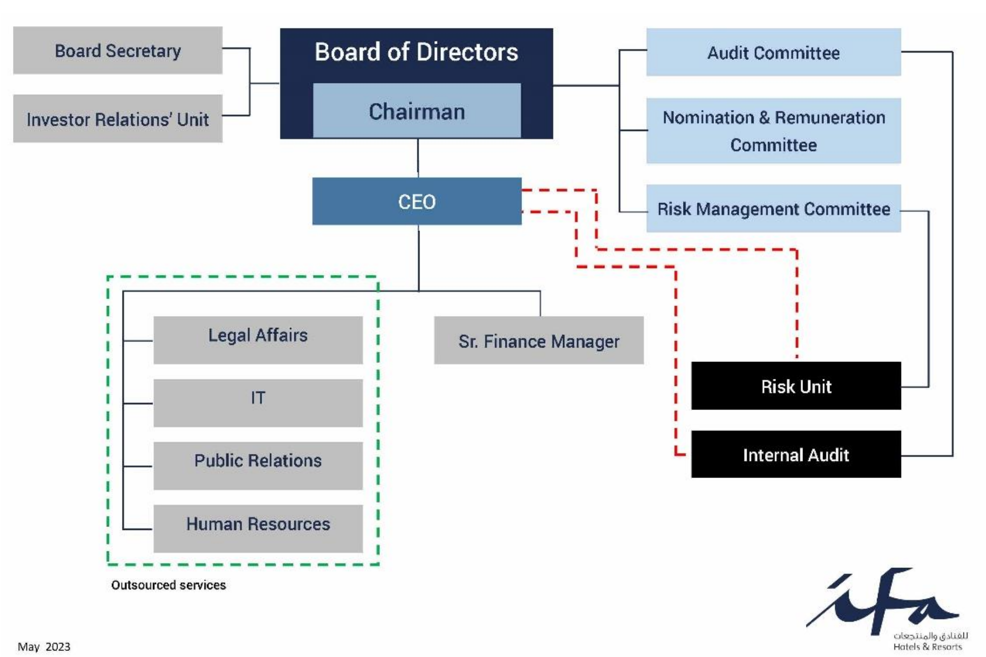
Rule I: Board of Directors – Composition and Structure

The Board of Directors of IFAHR is the authority that has all the necessary powers to carry out the Company's business, except those that are confined to the General Assembly in accordance with Companies Act No. (1) of 2016 and the Company's Statute. The Board of Directors is responsible for supporting the management, maintaining a strategic direction, ensuring efficiency and effectiveness, maintaining integrity and accountability in the Company, responding to shareholders' requests, attending regular meetings of the Board, maintaining the Company's mission and vision, reviewing and approving internal audit reports, and proposing ideas that would better the performance of the Company's operations, including of its subsidiaries and implementing effective governance.

Board of Directors' Composition

IFAHR is managed by a Board of Directors that consists of six members, elected by the General Assembly of Shareholders by secret ballot (Article 13 of the Company's Statute). The term of the Board of Directors is three years, subject to renewal. Members of the Board of Directors elect the Chairman and the Vice Chairman by secret ballot (Article 18 of the Company Statute).

IFAHR Board of Directors consists of six members, all are non-executive and one third is independent.



Consent of the Independent Board Member

I, the undersigned, in my capacity as an Independent Board Member of IFA Hotels and Resorts Company, do hereby confirm that I do not have any work relationship with the Company or with any of its Executive Management, Auditor, parent, or subsidiary Company that may lead to a material or non-material benefit that may affect my decisions. I also acknowledge that there is no issues that may conflict or void with my independency, as per Article (2-3) of Rule I, Module Fifteen (Corporate Governance) of the Executive Bylaws issued by the Capital Markets Authority, and particularly the following:

1. I do not hold 5% or more of the Company's shares.
2. I do not have a first-degree relation with any of the members of the Board of Directors or executive management of the Company or any of its subsidiaries or associated companies.
3. I am not a member of a Board of Directors in any company of the group.
4. I am not an employee in the Company or any company of the group or for any of the stakeholders.
5. I am not an employee for corporate entities that own control shares in the Company.
6. I do meet all board member independence requirements as stated in article (2-3) of chapter 3 of Module Fifteen of the Executive Bylaws of law No. 7/2010, regarding the establishment of Capital Markets Authority and regulating securities activity and their amendments, of which the above serve as a non-exhaustive list, and I do not have any matter that contravenes with independence requirements.
7. As an independent member, I have the qualifications, experience and technical skills which are constituent with the Company's activity.
8. I pledge to notify the Company upon non-compliance to any of the above-mentioned independence requirements or any requirement determined by regulatory entities.
9. The Company shall have the right to take all required procedures should it be deemed that the above acknowledgement is not true.

Name of Independent Board Member: Bander S. Al-Jarallah

Signature:
Date:

In April 2023, Al-Surra Real Estate Company appointed Mr. Khaled Esbaitah as their representative on the Board of Directors, replacing Mr. Marzouq Al-Bahar. In September 2023, Banco Comercial Portugues tendered its resignation as a member of the Board of Director, consequently, the resignation of their representative, Mr. Pedro Manual Boas. The reserved member, Masader Al-Ofooq General Trading and Contracting was summoned and appointed Mr. Carlos Alberto Leal as their representative on the Board of Directors. In October 2023, and following the resignation of Gulf Real Estate Company as member of the Board, Al-Tilal Investment Company was summoned, and appointed Mr. Ibrahim Al-Therban as their representative. Following is a brief on the current members of the Board of Directors

	Khaled Saeed Esbaitah	Talal J Al-Bahar	Ibrahim Al-Therban	Emad A. Al-Essa	Carlos Alberto Leal
Directorship	Chairman Non-executive	Vice Chairman Non-executive	Director Non-executive	Director Non-executive	Director Non-executive
Appointment/elected	13 April 2023	30 May 2021	12 October 2023	30 May 2021	21 September 2023
Qualifications	Bachelor of Science Architecture University of Florida	Bachelor Degree in Business Administration Loyola Marymount University	Bachelor Degree in Commerce with Honor Kuwait University	Bachelor Degree in Business Administration California State Polytechnic University	Business Management Diploma Damelin Management School Building Surveying Diploma Natalse Technikon Natal
Previous posts	CEO IFA Hotels & Resorts Co. Founder, Managing Director Durise Real Estate Founder, CEO Mazaya Holdings General Manager Aerated Concrete Industries	Vice Chairman Al-Deera Holding Vice Chairman International Financial Advisors Board Member 1st Takaful Insurance Company	Manager, Foreign Investments Kuwait International Investment Company General Manager Kuwait International Investment Company Board Member Industrial Investment Company	CEO Kuwait Real Estate Company General Manager Aqar Real Estate Investment Company Managing Director Briendenbachor-Hof Hotel, Germany	Deputy General Manager United Investments Portugal
Current posts		Vice Chairman & CEO Kuwait Real Estate Company Board Member Commercial Real Estate Company Board Member Boursa Kuwait Chairman United Investments Portugal Chairman Arzan Financial Group	Chairman Kuwait Real Estate Company Board Member Arzan Financial Group for Finance and Investment Board Member United Investments Portugal	Board Member Arzan Financial Group for Finance and Investment Chairman National Slaughterhouse Co. Chairman ACICO Industrial Co.	General Manager United investments Portugal

	Bander Al-Jarallah	Marzouq Al-Bahar	Pedro Vilas Boas	Heba Jaber
Directorship	Director Independent	Director Non-executive	Director Non-executive	Board Secretary
Appointment/elected	30 May 2021	30 May 2021 Resigned	30 May 2021 Resigned	30 May 2021
Qualifications	Bachelor Degree in Business Administration California State University	Bachelor Degree in Business Studies specialization Liberal Studies and Economics California State University Northridge	Master Degree in Management UCP (Catolica Lisbon School of Business and Economics)	Bachelor Degree in Business Management Arab Open University
Previous posts	N/A	N/A	Investment banking division Millennium Investment Banking	N/A
Current posts	Founder & CEO Al Fouz International Company CEO Kuwait Cotton Products Company Managing Director Al Jarallah Transportation Group	Board Member Kuwait Real Estate Company Board Member Alwafir Marketing Services Company CEO IFA Food	Deputy General Director Banco Comercial Portugues CEO BCP Capital	Office Manager IFA Hotels & Resorts

IFA Hotels & Resorts Board of Directors meetings during the financial year ended on 31 December 2023

As per Article 21 of the Company's Articles of Association "The Board of Directors shall hold its meetings by virtue of an invitation to be directed by its Chairman or whoever replaces him or by at least two of its member provided that the Board meetings shall not be less than six times during every financial year".

The Board of Directors held eight meetings during 2023 as follows:

Name	BOD #1	BOD #2	BOD #3	BOD #4	BOD #5	BOD #6	BOD #7	BOD #8
Khaled Esbaitah		✓	✓	✓	✓	✓	✓	✓
Talal Al-Bahar	✓	✓	✓	✓	✓	✓	✓	✓
Ibrahim Al-Therban	✓	✓	✓	✓	✓	✓	✓	✓
Emad Al-Essa	✓	✓	✓	✓	✓	✓	✓	✓
Marzouq Al-Bahar	✓							
Bander Al-Jarallah	✓	✓	✓	✓	✓	✓	✓	✓
Pedro Boas	✓	✓	✓	✓	x	x		
Carlos Leal							x	x
Heba Jaber Ibrahim	✓	✓	✓	✓	✓	✓	✓	✓

Registering, coordinating and archiving minutes of Board meetings

The Board of Directors has set up a special register where minutes of Board meetings are recorded and archived in serial and chronicle order, defining place and date of the meetings as well as commencement and ending time.

Board Secretary

The Board Secretary is the link between members of the Board of Directors, especially with regard to coordinating meeting times. The Board of Directors appoints the Secretary of the Board, and may not be dismissed except by a decision of the Board of Directors.

The Secretary of the Board documents the Board meetings, prepares minutes that include the discussions, documents the decisions of the Board, and the results of voting, and keeps them in a special organized record. These minutes are signed by all members of the Board of Directors present at the meeting, and other members attended the meetings. Minutes of the meeting must include the date and time of the meeting, place of the meeting, the names of those present and the objections they made, if any, the discussions that took place, voting on decisions and results.

The Secretary also ensures that the reports submitted to the Board of Directors and the reports prepared by the Board are archived. As well as provide the members of the Board of Directors with all the information they need in the course of their work, the agenda of the meeting, documents related to the meetings, copy of the minutes of the Board meetings and information and documents related to the Company.

The Board Secretary ensures that the reports submitted to the Board of Directors and reports prepared by the Board have been archived. Provides Board members with all the information they may need during the course of their work, prepares meeting agendas and their relevant documents, copies of minutes of meetings and other documents related to the Company.

The Secretary organizes the disclosure record of members of the Board of Directors and Executive Management in accordance with the disclosures required by Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its amendments.

On 30 May 2021, the Board of Directors reappointed Heba Jaber as Secretary to the Board and Committees.

Rule II: Establish Appropriate Roles and Responsibilities

Board of Directors

The Board of Directors represents the balance point between the Executive Management and shareholders, and strives to achieve the Company's strategic objectives by ensuring that the Executive Management performs its tasks to the fullest, works to enhance the competitiveness of the Company, works to maximize profits, and that decisions and procedures of Executive Management are always in the interest of shareholders.

Members:

- Khaled Saeed Esbaitah
- Talal Jassim Al-Bahar
- Ibrahim Saleh Al-Therban
- Emad Abdullah Al-Essa
- Bander Suliman Al-Jarallah
- Carlos Alberto Leal

Responsibilities:

- Approving company major goals, strategies, plans and policies.
- Approving phase and annual financial information.
- Ensuring the company's commitment to policies and procedures that procure the company's compliance with internal applicable rules and regulations.
- Safeguarding accuracy and validity of the data and information to be disclosed in accordance with applicable disclosure and transparency policies and rules.
- Establishing effective communication channels that enable the company shareholders periodic and continuous access to company various activities and any essential developments therein.

- Monitoring performance of each member of a Board of Directors and executive management member subject to Key Performance Indicators (KPIs).
- Preparing an annual report to be cited in the annual general assembly including the requirements and procedures of completing corporate governance rules and commitment degree thereof.
- Ensuring that company certified policies and conditions are transparent and clear so that resolutions' taking and wise governance principles are applied. This in addition to separating authorities of both the Board of Directors and Executive Management.
- Determining the authorities delegated to the Executive Management, the decision-making procedures and the duration of the commissioning.
- Supervising and monitoring the performance of the Executive Management as well as ensure that they perform all their duties.
- Setting a policy regulating the relationship with stakeholders to protect their rights.
- Setting a mechanism to regulate dealings with Related Parties to avoid conflicts of interest.
- Develop a plan/policy for integrating sustainability factors in the Company's comprehensive strategy, main work plans, and the risk assessment and management process.

In 2023, the Board:

- Supervised the performance of the Executive Management as well as ensure that they perform all their duties.
- Reviewed and approved period and annual financial statement for the Company and its subsidiaries.
- Monitored the performance of each member of a Board of Directors and executive management members.
- Reviewed all Risk Management Report.
- Reviewed Internal Audit activity

No. of meetings: 8 Meetings

Responsibilities of the Chairman

The Chairman is responsible for leading the Company toward achieving its strategic goals. He also leads the Board of Directors, oversees the fulfilment of their roles, approves the agendas of Board meetings, discusses recommendations, strategic initiatives, estimated budgets, and investment opportunities with Board members, assures the mechanism to assess the performance of members of the Board of Directors and executive management and communicates with shareholders. The Chairman may delegate some of his responsibilities to members of the Board of Directors, Committees, or CEO as he deems appropriate. Finally, the Chairman coordinates with the CEO on financial and Human Resources matters to achieve the desired objectives and monitor the overall performance of the Company periodically.

Responsibilities of Board Members

The Non-Executive Directors provide independent suggestions/feedback on strategic matters, assess the executive management performance in achieving the approved goals, monitor the Company's performance, oversee the proper implementation of corporate governance rules, and ensure that priority is given to the Company in the event of any conflict of interest.

Non-executive Directors also review the integrity of financial information and controls ensuring the adequacy and effectiveness of these controls, and provide their diverse skills and experience to the Board or its various committees through their active participation in Board meetings and general assemblies.

Board of Directors' Code of Conduct

IFAHR's Board of Directors is committed to the highest standards of integrity and professional code of conduct and ethics. The Board of Directors represents the interest of shareholders, follows the values of the company and conducts its transactions in an honest and fair manner. The Board also acts in good faith and serves the interests of the Company and shareholders as well as promotes a culture of ethical conduct.

Board of Directors' Charter

The Company has set up a Charter that clarifies the responsibilities and authorities of the Board of Directors.

Board of Directors' Committees

The Board of Directors has a flexible administrative module to facilitate carrying out its tasks. The pillars of this module are based on three committees emanating from the Board of Directors: Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee. Each committee plays a fundamental role in assisting the Board carry out its duties effectively. The committees submit periodic reports to the Board of Directors.

Mechanism that Enables Board Members Obtain Timely Information and Data

IFAHR has set mechanisms and tools to enable members of the Board of Directors to obtain information and data in a timely manner, through developing the Information Technology in the Company, creating channels of direct communication between the Board Secretary and Board Members, providing reports and meeting topics well in advance for their discussion and decision-making.

Rule III: Recruit Highly Qualified Candidates for the Members of a Board of Directors and the Executive Management

Forming the Nomination & Remuneration Committee

The Nomination and Remuneration Committee consists of three Non-Executive Board Members (one Independent member). The Board also set the duration of the Committee, its duties and authorities.

Members:	- Talal Jassim Al-Bahar-Chairman, Non-Executive - Ibrahim Saleh Al-Therban - Bander Suliman Al-Jarallah-Member, Independent
Responsibilities:	▪ Recommending nomination and re-nomination acceptance for Members of a Board of Directors and executive management members. ▪ Setting a clear policy for Members of a Board of Directors and Executive Management members' remunerations, along with annual review of the required proper skills needs for Board membership. ▪ Ensuring that Members of a Board of Directors independency is valid. ▪ Preparing a detailed annual report for all remunerations given to Members of a Board of Directors and executive management members; whether cash or benefits or privileges, of whatever nature and title. However, this report shall be referred to the general assembly for approval and to be read by the Board Chairman.
In 2023, the Committee:	• Ensured the independency of the independent Board Member, Mr. Bander Suliman Al-Jarallah. • Prepared a detailed annual report for all remunerations given to Members of a Board of Directors and Executive Management members; whether cash or benefits or privileges, of whatever nature and title to be read by the Board Chairman. • Recommended the appointment of CEO
No. of meetings:	2 Meetings

IFAHR's Nomination Policy

Article (15) of the Company's Statutes: "Any person nominated for Board directorship shall meet the following requirements:

1. He/she shall have legal capacity to act.
2. He/she shall not be convicted of criminal offence with the punishment of incarceration, the crime of negligent, bankruptcy or fraud, crime against honor or honesty or any crime in violation of the provisions of this law, unless he has been vindicated.
3. With exception of independent members, he/she shall personally hold or be the representative of someone who holds a number of shares in the Company.

If a member of the Board of Directors fails to satisfy any of the above requirements or any other requirements as may be stipulated in the Company Statute, he shall lose the capacity to be a member as of the date such requirement falls away."

IFAHR's Remuneration Policy

Article (24) of the Company Statutes: "The aggregation of remuneration of the Chairman and members of the Board of Directors may not exceed 10% of the net profits after deducting any depreciation and reserves and distributing profit dividends of at least 5% of the Company's capital to shareholders. An annual remuneration of six thousand Kuwaiti Dinars may be distributed to the Chairman and each member of the Board of Directors as of the date of incorporation of the Company until it realizes sufficient profits that allow the Company to pay remuneration and subject to AGM resolution, the independent member of the Board may be exempted from the limits set for the remuneration."

Rule IV: Safeguard the Integrity of Financial Reporting

Written Undertaking of the Soundness and Integrity of Financial Reporting

The Executive Management has submitted a written undertaking to the Board of Directors ensuring the soundness and integrity of financial reports, that they were prepared in accordance with International Financial Report Standards and cover all the financial aspects. The Board of Directors also submitted a written undertaking to the shareholders, to enforce Executive Management accountability to the Board of Directors and the Board accountability to shareholders.

Executive Management Undertaking of the Soundness and Integrity of Financial Reports

The Executive Management of IFA Hotels & Resorts K.P.S.C. acknowledge its responsibility towards the Board of Directors to present the Company's annual financial statements and reports, which include the consolidated statement of profit or loss, and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements as of 31 December 2023, and that it has been prepared in accordance with International Accounting Standards, and that the Company duly retains accounting records and documents, and its responsibility to provide an effective control system in the Company, and that they bear responsibility if it is proven that the Company's financial statements and reports do not truly present its actual financial position and results of its operations and cash flows.

The Executive Management also acknowledge that all the data, records, documents and information necessary to audit the Company's financial statements have been made available to its auditors, and they have been enabled to view all papers and documents and make available all the information that the auditors deemed necessary to perform their task, and that the Company's financial statements present fairly the actual financial position of the Company and the results of its operations and cash flows.

The CEO and the Senior Finance Manager also acknowledge the validity, accuracy and completeness of the information and data contained in the Company's financial statements and reports and their attachments, and that they are truly and fairly presented, and are prepared in accordance with International Accounting Standards.

Name	Title	Signature
Werner Burger	CEO	
Loay Saber Radwan	Senior Finance Manager	

Board of Directors' Undertaking of the Soundness and Integrity of Financial Reports

The Board of Directors of IFA Hotels & Resorts K.P.S.C. acknowledges its responsibility towards fairness and integrity of all the Company's annual financial statements and reports, which include the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements as of 31 December 2023, and that it has been prepared in accordance with International Accounting Standards, and that the Company duly retains accounting records and documents and its responsibility to provide an effective control system in the Company, and that they bear responsibility if it is proven that the Company's financial statements and reports do not truly present its actual financial position and the results of its operations and cash flows.

The Board of Directors also acknowledges that all the data, records, documents and information necessary to audit the Company's financial statements have been made available to its auditors, and they have been enabled to view all papers and documents and make available all the information that the auditors deemed necessary to perform their task, and that the Company's financial statements present fairly the actual financial position of the Company and the results of its operations and cash flows.

The Chairman of the Board of Directors and Board Members also acknowledge the validity, accuracy and completeness of the information and data contained in the Company's financial statements and reports and their attachments, and that they are truly and fairly presented, and are prepared in accordance with International Accounting Standards.

Name	Title	Signature
Khaled Saeed Esbaitah	Chairman	
Talal Jassim Al-Bahar	Vice Chairman	
Ibrahim Saleh Al-Therban	Board Member	
Emad Abdullah Al-Essa	Board Member	
Bandar Suliman Al-Jarallah	Board Member	

Carlos Alberto Leal	Board Member	

Forming the Audit Committee

After the Annual General Meeting held on 30 May 2021, the Board of Directors formed the Audit Committee that consist of three Non-Executive Board Members (one Independent member). The Board also set the duration of the Committee, its duties and authorities. The composition of the Committee is consistent with the nature of the company's activity and is fully independent.

Members:

- Talal Jassim Al-Bahar-Chairman, Non-Executive
- Ibrahim Saleh Al-Therban-Member, Non-Executive
- Bander Suliman Al-Jarallah-Member, Independent

Responsibilities:

- Approving company major goals, strategies, plans and Review periodical financial statements prior to their submission to the Board of Directors and provide the Board with opinion and recommendation concerning them, in order to ensure accuracy and transparency of financial statements.
- Provide the Board of Directors with its recommendations concerning the appointment, re-appointment, or replacement of the External Auditors, and specify the remunerations thereof.
- Follow up works of external Auditors and ensure no services other than services related to audit functions are provided to the company.
- Review remarks of external auditors on the company financial statements and follow up measures taken regarding them.
- Consider the applied accounting policies and provide the Board of Directors with opinion and recommendation in this regard.
- Evaluate the extent of sufficiency of internal audit systems in place, and prepare a report including the opinion and recommendations of the committee in this regard.
- Supervise the company's internal audit department, in order to ensure its effectiveness in performing the operations and tasks assigned by the board of directors.
- Review the results of the internal audit reports and ensure that the necessary corrective actions were taken concerning the observations stated in such reports.
- Review the outcomes of regulatory bodies' reports and ensure that necessary measures were taken in this regard.
- Verify the company compliance with related rules, policies and regulations.

in 2023, the Committee:

- Reviewed periodical financial statements prior to their submission to the Board of Directors and provide the Board with opinion and recommendation concerning them, in order to ensure accuracy and transparency of financial statements.
- Provided the Board of Directors with its recommendations concerning the re-appointment the external Auditor.
- Followed up works of external Auditor and ensure no services other than services related to audit functions are provided to the company.
- Reviewed remarks of external auditors on the company financial statements and follow up measures taken regarding them.
- Evaluate the extent of sufficiency of internal audit systems in place, and prepare a report including the opinion and recommendations of the committee in this regard.
- Supervise the company's internal audit department
- Verified the company compliance with related rules, policies and regulations
- Held periodic meetings with the external auditor and Internal Audit.

No. of meetings: 5 Meetings

During 2023 there was no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

External Auditor Independence

The Annual General Meeting appoints the Auditor of the Company based on the recommendations of both the Board of Directors and Audit Committee. Moreover, the Auditor must be registered at Capital Markets Authority-Kuwait.

At its meeting held on 29 May 2023, the Annual General Assembly approved the appointment of Messrs. Grant Thornton-Al Qatami, Al Aiban & Co. as the Company's Auditor for the financial year ended 31 December 2022.

The Company confirms the independence of the External Auditor and ensures that they are not performing other services other than the audit services, which may affect neutrality and independence.

Rule V: Applying Sound Systems of Risk Management and Internal Control Systems

Forming Risk Department/Office/Unit

The Company has outsourced a specialized and independent consultancy firm to provide Risk Management services. The outsourced firm is independent as per Decision No. 124 of 2018 regarding the amendment of some provisions of Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010, regarding the establishment of Capital Markets Authority and regulating securities activities and their amendments and the amendment to item 3 Article 6-3 to **“Officials of risk department/ office, unit shall be independent through the direct affiliation thereof to the Risk Management Committee. In addition, they shall assume a significant extent of powers, in order to perform their roles properly without being granted financial powers and authorities”.**

Forming the Risk Management Committee

After the Annual General Meeting held in 30 May 2021, the Board of Directors formed the Risk Management Committee that consist of three Board Members, Chaired by Non-Executive Member. The Board also set the duration of the Committee, its duties and authorities.

Members:

- Ibrahim Saleh Al-Therban-Chairman, Non-Executive
- Emad Abdullah Al-Essa-Member, Non-Executive
- Bander Suliman Al-Jarallah-Member, Independent

Responsibilities:

- Prepare and review risk management strategies and policies prior to getting them approved by the board of directors and verify the application of such strategies and policies and that they are appropriate to the company’s nature and level of activities.
- Ensure the provision of resources and systems sufficient for risk management.
- Evaluate systems and mechanisms of identifying, measuring and monitoring various types of risks that may face the company, in order to identify areas of weakness.
- Assist the Board of Directors to identify and evaluate the company’s acceptable risk level, and ensure that the company does not exceed such level after it approved by the Board of Directors.
- Review the organizational structure of risk management and provide recommendations in this regards prior to its approval by the Board of Directors.
- Verify the independence of the risk management employees from activities that result in subjecting the company to risks.
- Verify that the risk management employees fully understand the risks surrounding the company and raise awareness of employees concerning risk culture.
- Prepare periodical reports concerning the nature of risks facing the company and submitting such reports to the company’s Board of Directors.
- Review issues raised by the related audit committee, which may affect risk management in the company.
- The risk management committee shall hold periodical meetings at least quarterly per annum and when necessary and it shall prepare the minutes thereof.

In 2023, the Committee:

- Reviewed financial risks and assessed their impact on Company’s activities.
- Reviewed operational risks and assessed their impact on Company’s activities.
- Discussed the comments/notes detailed in the Risk Management report on the risks the Company encounters.

No. of meetings: 4 Meetings

Risk Management Systems:

Elements of Internal Control Systems

1. Organizational Structure
   The Company’s organizational structure defines responsibilities and delegates authorities with clear unambiguous structural relationship. It also reflects Company’s investment strategies and structure. The Board of Directors is keen on selecting and appointing a high-calibre CEO known for good integrity and technical experience in the Company’s work field. Additionally, the Board of Directors approves the appointment of Senior Executive Management who will be working under the supervision of the CEO. The Executive Management is provided with sufficient supervision to ensure its fulfilling the role entrusted to it, and in line with Company’s objectives, and to ensure the implementation of the policies approved by the Board.
2. Delegation of Authorities
   The Board of Directors has delegated authorities to the Executive Management, through a written financial and operational authority’s matrix, to carry out the day-to-day operations with the supervision of the CEO. Other financial transaction, which cannot be delegated to the Executive Management and CEO and requires the approval of the Board of Directors are clearly clarified. The CEO is fully responsible for the management of the Company as well as the assessment of its performance. Additionally, the CEO runs the Company’s in accordance to the strategies objectives and policies approved by the Board of Directors.
3. Information Technology
   The Company uses a set of advanced systems of international standards and effectively contribute to internal control and provide accurate and transparent information.
4. Internal Control Procedures
   Internal Control Procedures include internal control, accounting and internal control systems which are applied periodically. Clear procedures to enable employees contact the Chairman of the Company to report their concerns about the possibility of irregularities or wrongdoing have been set. The procedures ensure that whistle-blowers are guaranteed adequate protection and are not subjected to threats or disciplinary action even if such concerns are invalid.
5. Internal Control Documentation System

All documents related to internal control systems are classified and archived for use in staff training and examinations that are designed to efficiency and effectiveness of the systems. Job descriptions for all jobs have been created with detailed descriptions of duties and responsibilities.

6. Availability of High Calibre Employees
The Company sought to hire high calibre employees locally to carry out the implementation of internal control procedures effectively and efficiently.

Forming Internal Audit Activity

The Internal Audit Function structurally follows the Audit Committee and is outsourced to a third party. The outsourced entity ensures the integrity of the internal control procedures that are directed towards all Company's operations, protection of its resources, ensuring the accuracy of financial reports according to accounting standards and compliance with applicable laws. Internal Audit also assists the Company in achieving its objectives through the implementation of a system aimed at improving risk controls components, enforcing internal control procedures and strengthen corporate governance implementation. All Internal Audit reports are submitted to the Audit Committee.

Review of Internal Control Systems by an Independent External Entity

Internal Control Systems are reviewed and evaluated annually by a specialized independent consultancy firm. The annual review includes:

- Monitor and control procedures regarding the efficiency and effectiveness of internal control systems that are essential to the protection of the Company's assets, soundness of its financial statements and adequacy of its administration, accounting and financial operations.
- Compare the Company's risk factors against existing systems to determine the efficiency of its day-to-day operations and address unexpected market changes.
- Assess the performance of the Executive Management in the implementation of internal control systems.
- Investigate any failure or weaknesses in implementing internal control or emergency situations that affected or may affect the financial performance of the Company as well as steps taken to address them

The Company commissioned an independent external auditing firm to review and evaluate internal control systems and prepare Internal Control Report (ICR).

Rule VI: Promote Code of Conduct and Ethical Standards

Code of Conduct

The Board of Directors of IFA Hotels & Resorts has set standards that promote ethical conducts and values to reflect and enhance the image and reputation of the Company. The ethics of professional conduct affirm the commitment of all employees, whether Board Members, Executive Management Members or employees in general to internal policies and regulations and to the implementation of all regulatory requirements which will result in:

- Promote honest and ethical behaviour that positively reflects on the Company
- Strengthen confidence in the integrity of the Company and its financial system
- Maintain an effective institutional environment
- Strengthen the principle of compliance with rules and regulations governing the Company's activities and operations and ensure that the Company's assets and resources are not exploited for personal interests.

Conflict of Interests

In accordance with the Corporate Governance rules issued by Capital Markets Authority-Kuwait, the Company has developed a "Conflict of Interests" policy. This policy aims at ensuring that the appropriate procedures are used to identify and deal with cases of conflict of interest, and that the Board of Directors addresses such cases professionally and effectively, whether existing or potential and that all decisions taken are in the Company's interests and in accordance with regularity bodies. Moreover, the Executive Management implements the policies approved by the Board.

Rule VII: Ensure Timely and Detailed Disclosures and Transparency

Accurate disclosures and transparency are key pillars of Corporate Governance that allow shareholders to exercise their rights to the fullest and are an effective tool for influencing corporate behaviour and protecting investors. In order to strengthen the mechanism of timely and accurate disclosure of all significant information related to the Company, IFAHR has developed systems and policies for disclosures with the target of achieving fairness and transparency, preventing conflicts of interest and using internal information. Also, the policy aims to regulate Company disclosure procedures for material information in accordance with Corporate Governance guidelines.

The Company provides Boursa Kuwait and Capital Markets Authority with accurate, comprehensive and timely information along with annual reports, financial statements and press releases that are periodically published through the media. The Board of Directors is fully responsible for verifying the veracity, accuracy and integrity of the information disclosed and ensuring the compliance with the Company's approved policy.

Forming Investors' Affairs Unit

Company established an Investors' Affairs Unit, responsible for providing data, information, and reports related to potential investors. The Unit is reasonably independent, in a manner that allows it to provide data, information, and reports timely and accurately.

Rule VIII: Respect the Rights of Shareholders

"Protecting Shareholders' Rights" Policy

IFAHR is committed to protecting its shareholders rights in a way that maintains the interest of the shareholders and the Company. As part of the Company's overall Corporate Governance framework, a "Shareholders Right" policy was developed to ensure Company's commitment to respecting and protecting shareholders rights in accordance with relevant laws and regulations.

"Shareholders Rights" policy is part of the Board of Directors commitment to set standards to protect shareholders rights and update these standards when necessary to reflect changes in the laws and regulations issued by regulatory bodies.

IFAHR is committed to ensuring that all shareholders exercise their rights fairly without any breach. Additionally, the Company is committed to protecting the shareholders assets from any misuse by the Management of the Company, the Board of Directors or major shareholders. Articles of Association emphasize the equal treatment of all shareholders without discrimination and the Company shall not withhold any of the above rights under any circumstances, or set criteria for shares that would discriminate between classes of shares.

Maintain Special Register at the Clearing Company

The Company maintains a special register at the Clearing Agency, in which names, nationality, domicile and number of Shares owned by each holder is recorded. The register of shareholders records any changes to the registered data according to the data received by the Company or the Clearing Agency.

Participation of Shareholders in General Assembly Meeting

The Company ensures that all shareholders exercise their rights fairly and without any violation of such rights, including the right to attend and participate in General Assembly Meetings and vote on its resolutions. The Company's Articles of Association stipulate that each shareholder, regardless of the number or classification of shares he/she owns, has the right to attend and vote in General Assembly Meetings with number of votes equivalent to the number of votes for class of shares.

Invitation to attend General Assembly Meetings are extended to shareholders through publication in local newspapers.

The Company encourages all its shareholders to attend General Assembly Meetings and vote on their resolutions, including the election of Member for the Board of Directors. Moreover, the shareholder has the right to appoint another person to attend the General Assembly Meetings on his/her behalf through a special proxy and has access to all information and reports related to items on General Assembly Meeting's Agenda, particularly Board of Directors report, Independent Auditor report and financial statements, prior to the meetings.

IFAHR encourages shareholders to actively participate in General Assembly Meetings, discuss issues/items on the Agenda and other matters related to Company's activities and ask questions to the Board of Directors and Independent Auditor, who would thereafter, answer their questions as much as possible without affecting the Company's interest.

The company holds its Annual General Meetings in-person and through Kuwait Clearing Company's "electronic system".

Rule IX: Recognize the Role of Stakeholders

Stakeholders' Right

IFAHR is committed to protecting the rights of all stakeholders, creating wealth and jobs and maintaining a sustainable financial position for the Company. As part of the Company's Governance framework, the Company has developed a "Stakeholders Policy" to ensure that the rights of stakeholders are respected and protected by the Company. Therefore, the Board of Directors is responsible for setting the standards for protecting the rights of all stakeholders and for updating these standards as and when appropriate to reflect changes in the provisions of laws, bylaws and instructions issued by regulatory bodies.

Board of Directors' responsibilities toward stakeholders:

- Appointing specialized Executive Management team.
- Supervising the Company's affairs effectively and efficiently.
- Adopting effective policies and supervising major policies applied.
- Familiarizing with Company's position and performance.
- Maintaining an adequate capitalization of the Company
- Complying with laws, bylaws and regulations

Encourage Stakeholders' Participation

IFAHR protects the rights of the stakeholders by:

- Treating all stakeholders fairly and equally
- Allowing all stakeholders access to information about the Company and its activities
- Developing a whistleblowing policy that sets out the procedures and guidelines for notifying the respective authorities of any inappropriate or infringing behaviour in the Company until a corrective action is taken in a timely manner. This policy reflects the Company's commitment to the codes of professional and ethical conduct by help creating an environment that enables Company employees, Executive Management and Board members to express any concerns or misconduct while ensuring that the person is protected.
- IFAHR continuously emphasizes the use of its official website and publishes the required information, announcements and reports. The information available on the official website includes annual reports, quarterly reports, financial information, market disclosures and other information as well as other disclosures required by Capital Markets Authority and other regulatory bodies.

Rule X: Encourage and Enhance Performance

Assessment and Development of the Board

The process of evaluating the performance of the Board of Directors, its members and committees is considered on of the main tools of governance, as it encourages effective participation of members, urges hem to express heir opinions and suggest recommendations that improve government practices. Through self-assessment of the Board of Directors, IFAHR seeks to review the performance of the Board as a whole and its directors individually, and the performance of its committees, as well as their contribution to increasing the effectiveness of the Board.it also assesses the process of information flow to the Board from its committees and from executive management.

The self-assessment helps measure the level of the director's commitment to its tasks and responsibilities, gives a clear picture on the nature of the Board's work, composition, culture and effectiveness, and determines whether the directors are working within an effective framework.

Board of Directors and Executive Management Training Policy

IFAHR has developed an induction program for new members to ensure that they have a proper understanding of the Company's workflow and operations.

The Company also holds training programs for members of the Board of Directors and executive management that relate to the Company's activities to develop their skills and experience, and to maintain pace with different developments in a way that enables them perform their tasks efficiently.

Integrated Reports

The Board of Directors works on value creation inside the Company in the short, medium, and long term, through developing procedures and mechanisms that achieve the Company strategic goals and improve levels of performance, contributing effectively to the corporate value creation with employees, and stimulating them to work continually to keep the company financial soundness.

Integrated Reports are considered an effective tool to achieving the Company strategic goals and, consequently, create corporate value. Therefore, the Company constantly develop internal Integrated Report to help Members of a Board of Directors and Executive Management to take decisions systematically and soundly and achieve the interests of shareholders.

Value Creation

The Board of Directors creates corporate values through achieving strategic objectives and enhancing performance by:

- Approving the strategic direction of the Company and its vision and mission
- Reviewing and approving the Company's business plans, policies and charters including the inherent level of risk in these plans
- Approving relevant key performance objectives and monitoring the overall performance of the Company
- Approving the Company's organizational structures and performance related periodic reviews
- Ensuring the Company's compliance with the approved policies and procedures
- Approving and developing the internal policies and charters and ensuring transparency.

Rule XI: Corporate Social Responsibility

IFA Hotels and Resorts aims to add societal value by providing support and contributing to society. The Company's social responsibility include corporate governance and ethics, health and safety, environmental stewardship, community participation and development, corporate charitable work and employee volunteering, helping to provide job opportunities and creating appropriate conditions for them, working to support and encourage national workers and raise their efficiency, support small projects. The Company's activities are consistent with the economic and culture of society, providing training programs to develop the capabilities of targeted groups of society, contributing to reducing the damage of negative phenomena, and carrying out voluntary charitable initiatives.

Report on the Remuneration Granted to Members of the Board of Directors and Executive Management for the Financial Year Ended 31 December 2023

<table>
<tr><th colspan="8">Remunerations and Benefits of Members of the Board of Directors</th></tr>
<tr><th rowspan="3">Board Members</th><th colspan="3">Remuneration through the parent company</th><th colspan="4">Remuneration through subsidiaries</th></tr>
<tr><th>Fixed Remuneration</th><th colspan="2">Variable Remuneration</th><th colspan="2">Fixed Remuneration</th><th colspan="2">Variable Remuneration</th></tr>
<tr><th>Health Insurance</th><th>Annual Remuneration</th><th>Committees’ Remuneration</th><th>Health Insurance</th><th>Monthly Salary</th><th>Annual Remuneration</th><th>Committees’ Remuneration</th></tr>
<tr><td>6 members</td><td>0</td><td>30,000</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

<table>
<tr><th colspan="14">Total Remunerations and Benefits Granted to Senior Executive Manager</th></tr>
<tr><th rowspan="3"></th><th colspan="6">Remuneration through the parent company</th><th rowspan="3">Variable Remuneration</th><th colspan="5">Remuneration through subsidiaries</th><th rowspan="3">Variable Remuneration</th></tr>
<tr><th colspan="6">Fixed Remuneration and Benefits</th><th colspan="5">Fixed Remuneration and Benefits</th></tr>
<tr><th>Salaries</th><th>Health Insurance</th><th>Tickets</th><th>Housing</th><th>Transportation</th><th>Children Education</th><th>Health Insurance</th><th>Tickets</th><th>Housing</th><th>Transportation</th><th>Children Education</th></tr>
<tr><td>2</td><td>57,780</td><td>1,893</td><td>1,500</td><td>0</td><td>0</td><td>0</td><td>1,890</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

During 2023, no deviation from the Company’s Remuneration Policy as approved by the Board of Directors was recorded.

للفنادق والمنتجعات
Hotels & Resorts

Consolidated Financial Statements and Auditor’s Report

Financial year ended 13 December 2023

Al-Qatami, Al-Aiban and Partners

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Independent auditor’s report

To the Shareholders of
IFA Hotels and Resorts – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the consolidated financial statements of IFA Hotels and Resorts - Kuwaiti Public Shareholding Company (the ‘‘Parent Company”) and Subsidiaries, (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 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 Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 4.1.2 to the consolidated financial statements which indicates that as of 31 December 2023, the Group’s current liabilities exceeded its current assets by KD56,125,481. This condition indicates that a material uncertainty exists that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in-forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

Impairment assessment of real estate properties classified as property, plant and equipment and trading properties and valuation of investment properties

The Group’s real estate assets are significant to the Group’s consolidated financial statements and are classified as follows:

- Land and buildings classified as property, plant and equipment (note 13) are stated at cost less depreciation and impairment losses, and amounts to KD81,136,408 at 31 December 2023. Management assesses any impairment indication by determining the fair value of these assets.

- Trading properties are stated at lower of cost and net realizable value (NRV) and amounts to KD7,881,437. Management assesses the NRV by determining the fair value of these assets.

- Investment properties are stated at fair value and amounts to KD2,581,275.

The fair value of the properties is determined using appraisals obtained from external independent appraisers to support the fair value of the properties. The valuation of these properties is highly dependent on estimates and assumptions that requires significant judgments and assumptions, as it is dependent on a range of estimates made by management as well as the external appraisers and is vulnerable to subjectivity since establishing the reliability of sources used is critical. Given the significant amounts of these assets, we considered this as a key audit matter.

Our audit procedures included, among others, appropriateness of the models and inputs used by the external appraisers, testing the inputs and assumptions made by management and related data supporting the external appraisals. We also considered the objectivity, independence and expertise of the external appraisers. We also assessed the adequacy of the disclosures in relation to the critical judgments and assumptions.

Equity Method of Accounting

The Group has investments in associates and joint ventures which are accounted for using the equity method of accounting and are significant to the Group's consolidated financial statements. Under the equity method, the Group's investment is initially stated at cost, and adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of these investments, less any impairment. The complexity of the Group's control environment and our ability as Group's auditor to obtain an appropriate level of understanding of these entities including any related party transactions were significant to our audit. Due to these factors and the significance of the investments in associates to the Group's consolidated financial statements we consider this as a key audit matter.

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for these investments. During our audit we communicated with the components' auditors. We also provided instructions to the components' auditors covering the significant areas and risks to be addressed including the identification of related parties and transactions. Furthermore, we evaluated the Group's methodology and testing of the key assumptions used by the Group in determining the recoverable amount based on the higher of fair value less cost to sell and value-in-use. We also assessed the adequacy of the Group's disclosures in Note 15 to the consolidated financial statements.

Other information included in the Group's 2023 annual report

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's report.

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

Equity Method of Accounting (continued)

Other information included in the Group's 2023 annual report (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and it's Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business or financial position of the Parent Company.

Report on Other Legal and Regulatory Requirements (continued)

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2023 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
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Consolidated statement of profit or loss

	Note	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
Revenue	7	35,117,324	39,618,309
Cost of revenue		(15,829,772)	(23,898,554)
		19,287,552	15,719,755
Net income from ticket sales and related services		267,290	258,758
Fees and commission income		57,517	133,481
Share of results of associates and joint ventures	15	7,301,531	(195,909)
Change in fair value of investment properties	14	41,822	361,898
Gain/(loss) on sale of investment properties	14	70,567	(23,496)
Gain on sale of assets held for sale	6.4	13,539,953	6,737,097
Interest income		194,105	323,503
Other income		1,242,912	498,294
		42,003,249	23,813,381
Expenses and other charges			
Staff costs		(3,356,328)	(3,113,430)
Sales and marketing expenses		(1,524,577)	(1,830,890)
Other operating expenses and charges		(11,250,641)	(7,444,833)
Impairment of trading and under development properties		-	(70,679)
Accounts receivable and other assets written-off		(447,280)	-
Depreciation		(2,886,331)	(2,672,244)
Finance cost	8	(5,496,603)	(4,454,134)
		(24,961,760)	(19,586,210)
Profit for the year before taxation		17,041,489	4,227,171
Taxation	9	(900,564)	(252,328)
Profit for the year	10	16,140,925	3,974,843
Attributable to:			
Owners of the Parent Company		13,914,688	2,896,038
Non-controlling interests		2,226,237	1,078,805
		16,140,925	3,974,843
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	12	75.90	15.80

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
Profit for the year	16,140,925	3,974,843
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Exchange differences arising from translation of foreign operations	(684,586)	(147,247)
	(684,586)	(147,247)
Items that will not to be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of investments at FVTOCI	134,264	(7,423)
	134,264	(7,423)
Total other comprehensive loss for the year	(550,322)	(154,670)
Total comprehensive income for the year	15,590,603	3,820,173
Attributable to:		
Owners of the Parent Company	13,408,014	2,683,697
Non-controlling interests	2,182,589	1,136,476
	15,590,603	3,820,173

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2023 KD	31 Dec. 2022 KD
Assets			
Non-current assets			
Goodwill		1,177,107	1,148,456
Property, plant and equipment	13	82,996,790	83,796,610
Right-of-use assets		840,253	669,083
Investment properties	14	2,581,275	3,992,025
Investment in associates and joint ventures	15	78,617,826	56,146,926
Accounts receivable and other assets	16	5,144,625	2,400,889
Net investment in sub-finance lease		1,222,516	-
Investments at fair value through other comprehensive income		946,372	812,108
Total non-current assets		173,526,764	148,966,097
Current assets			
Accounts receivable and other assets	16	16,454,709	21,615,599
Properties under development		-	366,322
Trading properties	17	7,881,437	7,224,982
Net investment in sub-finance lease		683,962	-
Assets classified as held for sale	18	-	11,458,067
Cash and cash equivalents	19	8,331,381	8,839,000
Total current assets		33,351,489	49,503,970
Total assets		206,878,253	198,470,067
Equity and Liabilities			
Equity attributable to the owners of the Parent Company			
Share capital	20	18,342,455	63,543,420
Share premium	20	246,011	246,011
Treasury shares	21	(246,011)	(246,011)
Statutory and voluntary reserves	22	2,914,148	-
Other components of equity	23	(13,481,906)	(12,975,232)
Retained earnings/(accumulated losses)		10,274,165	(45,200,965)
Equity attributable to the owners of the Parent Company		18,048,862	5,367,223
Non-controlling interests	6.5	34,121,937	31,451,438
Total equity		52,170,799	36,818,661

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of financial position/contd.

	Note	31 Dec. 2023 KD	31 Dec. 2022 KD
Non-current liabilities			
Borrowings	24	49,776,109	53,740,509
Lease liabilities		1,484,157	518,259
Redeemable preference shares	25	3,050,024	2,869,754
Advances received from customers	27	693,052	813,469
Due to related parties	31	8,590,908	-
Provision of employees' end of service benefits		1,636,234	1,487,154
Total non-current liabilities		65,230,484	59,429,145
Current liabilities			
Due to related parties	31	54,078,492	55,237,166
Accounts payable and other liabilities	26	26,340,378	37,603,682
Lease liabilities		586,921	207,747
Borrowings	24	5,162,822	4,619,217
Advances received from customers	27	3,308,357	4,554,449
Total current liabilities		89,476,970	102,222,261
Total liabilities		154,707,454	161,651,406
Total equity and liabilities		206,878,253	198,470,067

Talal Jassem Mohammed Al-Bahar

Vice-Chairman

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and Voluntary reserves KD	Other components of equity KD	Retained earnings/ (accumulated losses) KD	Sub-total KD	KD	KD
Balance as at 1 January 2023	63,543,420	246,011	(246,011)	-	(12,975,232)	(45,200,965)	5,367,223	31,451,438	36,818,661
Write-off of accumulated losses (note 28)	(45,200,965)	-	-	-	-	45,200,965	-	-	-
Arising from partial disposal/acquisition of additional shares of subsidiaries-net (note 6.3)	-	-	-	-	-	(933,247)	(933,247)	(2,911,633)	(3,844,880)
Non-controlling interests arising from partial disposal of a subsidiary (note 6.2.3 & 6.2.4)	-	-	-	-	-	206,872	206,872	3,399,543	3,606,415
Transactions with owners	(45,200,965)	-	-	-	-	44,474,590	(726,375)	487,910	(238,465)
Profit for the year	-	-	-	-	-	13,914,688	13,914,688	2,226,237	16,140,925
Other comprehensive loss for the year	-	-	-	-	(506,674)	-	(506,674)	(43,648)	(550,322)
Total comprehensive (loss)/income for the year	-	-	-	-	(506,674)	13,914,688	13,408,014	2,182,589	15,590,603
Transfer to statutory and voluntary reserves	-	-	-	2,914,148	-	(2,914,148)	-	-	-
Balance as at 31 December 2023	18,342,455	246,011	(246,011)	2,914,148	(13,481,906)	10,274,165	18,048,862	34,121,937	52,170,799

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and Voluntary reserves KD	Other components of equity KD	Retained earnings/ (accumulated losses) KD	Sub-total KD	KD	KD
Balance as at 1 January 2022	63,543,420	246,011	(246,011)	-	(14,877,682)	(43,811,256)	4,854,482	20,604,829	25,459,311
Arising on deemed disposal of partial interest in a subsidiary (note 6.2.1)	-	-	-	-	-	(5,757,311)	(5,757,311)	11,850,599	6,093,288
Non-controlling interest recognized on the partial disposal of subsidiaries (Note 6.2.2)	-	-	-	-	2,114,791	1,471,564	3,586,355	(2,140,466)	1,445,889
Transactions with owners	-	-	-	-	2,114,791	(4,285,747)	(2,170,956)	9,710,133	7,539,177
Profit for the year	-	-	-	-	-	2,896,038	2,896,038	1,078,805	3,974,843
Other comprehensive (loss)/income for the year	-	-	-	-	(212,341)	-	(212,341)	57,671	(154,670)
Total comprehensive (loss)/income for the year	-	-	-	-	(212,341)	2,896,038	2,683,697	1,136,476	3,820,173
Balance as at 31 December 2022	63,543,420	246,011	(246,011)	-	(12,975,232)	(45,200,965)	5,367,223	31,451,438	36,818,661

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
OPERATING ACTIVITIES			
Profit for the year		16,140,925	3,974,843
Adjustments:			
Depreciation		2,886,331	2,672,244
Finance costs		5,496,603	4,454,134
Change in fair value of investment properties		(41,822)	(361,898)
Gain/(loss) on sale of investment properties		(70,567)	23,496
Share of results of associates and joint-ventures		(7,301,531)	195,909
Gain on sale of assets held for sale		(13,539,953)	-
Cumulative dividend for redeemable preference shares		-	209,629
Provision charged for doubtful debts		6,400	8,915
Accounts receivable and other assets written-off		447,280	-
Reversal of provisions no longer required		-	(596,371)
Interest income		(194,105)	(323,503)
Impairment of trading and under development properties		-	70,679
Net gain on disposal of a subsidiary		-	(6,737,097)
Loss on disposal of property, plant and equipment		4,500	-
Provision charge for employees' end of service benefits		571,272	391,081
		4,405,333	3,982,061
Changes in operating assets and liabilities:			
Accounts receivable and other assets		15,135,566	23,791,470
Properties under development		339,359	2,157,688
Trading properties		(1,097,118)	7,322,302
Accounts payable and other liabilities		(12,113,325)	(21,963,295)
Due to related parties		5,107,122	2,840,471
Advances received from customers		(1,060,621)	2,513,690
Net cash from operations		10,716,316	20,644,387
Payment of employees' end of service benefits		(423,517)	(224,803)
Net cash from operating activities		10,292,799	20,419,584
INVESTING ACTIVITIES			
Additions of property, plant and equipment		(1,741,631)	(1,410,947)
Proceeds from disposal of investment properties		3,906,068	369,542
Addition to investment properties		(2,330,768)	-
Rental collection from investment in sub-finance lease		176,886	-
Movement in investment in associates and joint-ventures		(2,152,926)	429,315
Proceeds from disposal of subsidiaries		-	1,497,239
Proceeds from disposal of property, plant and equipment		56,259	-
Movement in capital work in progress		-	(8,254)
Interest income received		186,852	323,503
Net cash (used in)/from investing activities		(1,899,260)	1,200,398

Consolidated statement of cash flows/contd.

	Note	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
FINANCING ACTIVITIES			
Decrease in retentions payable		-	(800,668)
Net decrease of borrowings		(3,835,487)	(21,492,073)
Proceeds from shares issued to non-controlling interest		-	6,093,288
Repayment of lease liabilities		(874,474)	(517,428)
Finance costs paid		(4,191,197)	(6,270,083)
Net cash used in financing activities		(8,901,158)	(22,986,964)
Decrease in cash and cash equivalents		(507,619)	(1,366,982)
Cash and cash equivalents at beginning of the year	19	8,820,775	10,187,757
Cash and cash equivalents at end of the year	19	8,313,156	8,820,775

The notes set out on pages 41 to 97 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

IFA Hotels and Resorts was established as a limited liability Company on 19 July 1995, under the name "Offset Consulting and Project Management Company – WLL – Najwa Ahmed Abdelaziz Al-Qatami and Partners". On 14 May 2005, the Company's name and legal status were changed to IFA Hotels and Resorts – Kuwaiti Public Shareholding Company. The Parent Company's shares are listed on Boursa Kuwait.

IFA Hotels and Resorts – KPSC ("the Parent Company") and its subsidiaries are collectively referred to as ("the Group"). Details of subsidiaries are set out in note 6.

The Parent Company is principally engaged in the following:

- Developing, managing and marketing hotels and resorts.
- Purchasing, selling and development of real estate and land on behalf of the Company within or outside the State of Kuwait. In addition, managing trust holdings, as well as trading private residential plots, in a manner that is not in violation of the laws relevant to these activities and their respective provision.
- Holding, purchasing, and selling shares and bonds of real estate companies based both in Kuwait and outside Kuwait, solely for the Company's benefit and purposes.
- Providing and presenting studies and consultations on all types of real estate issues, subject to the relevant conditions required of these services.
- Performing maintenance services relating to buildings and real estate owned by the Company including all types of maintenance work and the implementation of civil, mechanical, electrical, elevator and air conditioning related works whose purpose it is to preserve these buildings and to ensure their well-being.
- Organizing private real estate exhibitions to promote the real estate Company's projects, in accordance with the ministry's regulations.
- Preparing real estate auctions.
- Holding and managing commercial and residential complexes.
- Utilization of excess cash in the Company's possession by investing in financial and real estate portfolios which are managed by specialized and professional parties.
- Direct participation in the establishment of building foundations for residential, commercial, maintenance, touristic, urban, and athletic buildings and projects using the "Build-Operate-Transfer" (BOT) method and using BOT to manage the real estate location either for the Company's, or other parties, benefit.
- The Company is also permitted to subscribe and have interests in any activities of parties that are performing similar activities or that otherwise will help the Company realize its objectives within or outside Kuwait. The Company is permitted to participate in construction, to cooperate in joint ventures, or to purchase these parties either fully or partially.

The address of the Parent Company's registered office is Souk Al-Kuwait Building Block A, Floor 8, Darwazat Al-Abdulrazzak, State of Kuwait.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 2 March 2024. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB").

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IAS 12 Amendments- International Tax Reform-Pillar Two Model Rules	1 January 2023

IAS 1 Amendments and IFRS Practice Statement 2 – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies to assist entities to provide accounting policy disclosures that are more useful. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 12 Amendments – Income taxes- Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 8 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 12 Amendments – International Tax Reform-Pillar Two Model Rules

The amendments introduce the following:

- an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes;
- an entity applies the exception disclose that it has applied the exception immediately upon issuance of the amendments;
- a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes;
- a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation;

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

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

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of liabilities with debt covenants

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

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of liabilities as current or non-current
The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements
The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity will be required to disclose in aggregate for its supplier finance arrangements:
- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.

Management will make required disclosures in the consolidated financial statements when the amendments become effective.

IAS 21 Amendments – Lack of exchangeability
The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:
- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 21 Amendments – Lack of exchangeability (continued)

- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

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

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Material accounting policies
The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

4.1 Basis of preparation and fundamental accounting concept

4.1.1 Basis of preparation
The consolidated financial statements of the Group have been prepared under historical cost convention except for financial assets at fair value through other comprehensive income and investment properties that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of profit or loss and other comprehensive income".

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.1.2 Fundamental accounting concept
The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of its borrowings.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.1 Basis of preparation and fundamental accounting concept (continued)

4.1.2 Fundamental accounting concept (continued)

As at 31 December 2023, the Group's current liabilities exceeded its current assets by KD51,673,908 (31 December 2022: KD51,130,871) which cast significant doubt about its ability to realize its assets and discharge its liabilities in the normal course of business. The current liabilities include instalments of borrowings of KD5,162,822 (31 December 2022: KD4,619,217) which are contractually due within 12 months from the end of the reporting period, and due to related parties of KD54,078,492 (31 December 2022: KD55,237,166) which do not have any specific repayment terms.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the borrowings taking into consideration the following assumptions:

- The Group has recognized a net profit of KD16,140,925 for the year ended 31 December 2023.
- Additional repayment required will be met out from operating cash flows.
- The Group has access to a sufficient and variety of sources of funding and has a reasonable expectation that liabilities maturing within 12 months can be paid or rescheduled. Further, during the year the Group has successfully rescheduled its borrowings for a longer tenor.
- The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.

As described above, management has a reasonable expectation that the Group has taken measures and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Had the going concern basis not been used, adjustments would be made relating to the recoverability of recorded asset amounts or to the amount of liabilities to reflect the fact that the Group may be required to realize its assets and extinguish its liabilities other than in the normal course of business, at amounts different from those stated in the consolidated financial statements.

4.2 Basis of consolidation

The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.2 Basis of consolidation (continued)

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

4.3 Business combinations

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

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

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

4.4 Investment in associates, joint ventures and joint operations

4.4.1 Investment in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Joint venture is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.4 Investment in associates and joint ventures (continued)

4.4.1 Investment in associates and joint ventures (continued)
Investments in associates and joint ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate and joint venture is not recognised separately and is included in the amount recognised as investment in associates and joint ventures.

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

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

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

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

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

Upon loss of significant influence and joint control over the associate and joint ventures, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate and joint venture upon loss of significant influence and joint control and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

4.4.2 Investment in joint operations
A joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the same of its share of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly

A joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation in accordance with the relevant IFRSs.

4 Summary of material accounting policies (continued)

4.4 Investment in associates and joint ventures (continued)

4.4.2 Investment in joint operations (continued)
The acquirer of an interest in a joint operation in which the activity constitutes a business as defined in business combinations, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. These requirements apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interest are not re-measured).

4.5 Segment reporting
The Group has four operating segments: property development, hospitality, investments and others. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.6 Revenue recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

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

The Group often enters into transactions involving a range of the Group's products and services.

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

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

The Group recognises revenue from the following major sources:

4.6.1 Revenue from projects under development
The Group allocates the transaction price to the performance obligations in a contract, based on the input method, which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.6 Revenue recognition (continued)

4.6.1 Revenue from projects under development (continued)
Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

4.6.2 Revenue from hotel operations and other related services
Revenue from hotel operations include hotel services revenue, food and beverage and room revenue.

Revenue from rooms, food and beverage and other related services is recognised when the room is occupied, food and beverages are sold and other related services are performed.

4.6.3 Beach club & residential service income revenue
Revenue from beach club and related services are recognised when the services are rendered.

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

4.8 Fees and commission income
Fees and commission income is recognised when earned.

4.9 Interest and similar income
Interest and other income are recognised on an accrual basis using the effective interest method.

4.10 Cost of sale of properties
Cost of sale of properties includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of sales in respect of sale of condominiums is recognised on the basis of per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

Cost of revenue also includes the cost of hotel and beach club operations and is recognised when incurred.

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

4.12 Finance costs
Finance costs are recognised on a time proportion basis considering the outstanding balance of borrowing payable and applicable interest rate.

4 Summary of material accounting policies (continued)

4.12 Finance costs (continued)
Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

4.13 Leased assets

The Group as a lessee
For any new contracts entered into on or after 1 January 2023, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

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

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

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.13 Leased assets (continued)

Lease liability (continued)
Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.,

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

Net investment in sub-finance lease
The Group accounts for subleases of right-of-use assets in the same way as other leases. The Group separately accounts for the head lease and sublease unless it is relieved of its primary obligation under the head lease. The Group would not be relieved of its obligations under the head lease unless it is contractually replaced in the head lease with the sub lessee.

4.14 Property, plant and equipment and depreciation
Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write-off the cost less the estimated residual value of property, plant and equipment on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Motor vehicles	4-5 years
Furniture, fixtures and equipment	5-7 years
Kitchen equipment and accessories	3-10 years

Lease hold property is depreciated over the period of the lease.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for their intended use.

4.15 Capital work in progress
Capital work-in-progress includes land which is stated at cost less impairment in value, if any. The carrying value of land is 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 value exceeds the estimated recoverable amount, the value of land is written down to its recoverable amount.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.15 Capital work in progress (continued)

Capital work-in-progress also includes the cost of construction, design and architecture and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are capitalised.

4.16 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuers where the market value are not readily available and are included in the consolidated statement of financial position. Where the market values are readily available, the fair value is ascertained based on latest transactions deal in the open market. Changes in fair value are taken to the consolidated statement of profit or loss.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. 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.

4.17 Property under development

Property under development represents properties under development/construction for trade, which are stated lower of cost or net realisable value.

Cost includes the cost of land, construction, design and architecture, and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from the start of the project up to completion of the project are accrued to property under development. Completion is defined as the earlier of the issuance of the certificate of practical completion, or when management considers the project to be completed. Net realisable value is estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale. Upon completion, unsold properties, if any, are transferred to trading properties. Properties under development is disclosed net of transfer to cost of properties sold under IFRS 15.

4.18 Trading properties

Trading properties include purchase and development costs of completed unsold real estate properties. Development costs include planning, maintenance and service costs. Trading properties are recorded at the lower of cost and net realizable value.

Costs are those expenses incurred in bringing each property to its present condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred on disposal.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.19 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds it carrying amount.

4.20 Financial instruments

4.20.1 Recognition, initial measurement and derecognition

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

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
  (a) the Group has transferred substantially all the risks and rewards of the asset or
  (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.20 Financial instruments (continued)

4.20.1 Recognition, initial measurement and derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

4.20.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. No such designation has been made.

4.20.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.20 Financial instruments (continued)

4.20.3 Subsequent measurement of financial assets (continued)

Financial assets at amortised cost (continued)
After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- Receivables and other financial assets

Trade receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

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

Financial assets at FVTOCI
The Group's financial assets at FVTOCI comprise of investments in equity shares: These represent investments in equity shares of various companies and include both quoted and unquoted.

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

A financial asset is held for trading if:

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

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.
Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.20 Financial instruments (continued)

4.20.4 Impairment of financial assets

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

- Bank balances and short-term deposits
- Accounts receivables and other financial assets

The Group recognises ECL on investment in debt instruments measured at amortised cost on balances and deposits with banks and other assets. Equity instruments are not subject to Expected Credit Losses.

Expected Credit Losses

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

Determining the stage of impairment

At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 120 days past due.

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

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.20 Financial instruments (continued)

4.20.4 Impairment of financial assets (continued)

Measurement of ECLs

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

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

4.20.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include term loan, retention payable, Due to related parties and accounts payable and other liabilities.

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

- ***Financial liabilities at amortised cost***

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

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- *Due to related parties*

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

- *Accounts payables and other financial liabilities*

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

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.21 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

4.22 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.23 Offsetting of financial instruments

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

4.24 Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 32.

4.25 ADVANCES RECEIVED FROM CUSTOMERS

Advances received from customers represent money received from customers towards instalments for properties in accordance with the terms of the sale agreements as wells as for the membership at beach club. Advances received from customers are stated net of revenue recognised during the period under IFRS15.

4.26 EQUITY, RESERVES AND DIVIDEND PAYMENTS

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

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

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

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.26 EQUITY, RESERVES AND DIVIDEND PAYMENTS (CONTINUED)
Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD.
- Cumulative changes in fair value reserve – comprises of gains and losses relating to investment at fair value through other comprehensive income.
- Treasury shares reserve – comprise of gains and losses from re-issuance of treasury shares.

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

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

4.27 TREASURY SHARES
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.28 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the Group financial statements, but are disclosed when an inflow of economic benefits is probable.

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

4.29 Foreign currency translation

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

4 Summary of material accounting policies (continued)

4.29 Foreign currency translation (continued)

4.29.2 Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, “fair value through profit or loss” is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and “available for sale” are reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

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

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

4.30 Related party transactions
Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group’s management.

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

With respect to its Kuwaiti national employees of the Parent Company, in addition to the end of service benefits, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees’ salaries. The Group’s obligations are limited to these contributions, which are expensed when due.

4.32 Taxation

4.32.1 National Labour Support Tax (NLST)
NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group. As per law, allowable deductions include, share of profits of listed associates and cash dividends from listed companies which are subjected to NLST.

Notes to the consolidated financial statements (continued)

4 Summary of material accounting policies (continued)

4.32 Taxation (continued0

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

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

4.32.4 Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries are incorporated.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

4.33 Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

4.34 Climate-related matters
The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (eg regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

5 Significant management judgements and estimation uncertainty
The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.20). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Groups continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

5.1.3 Significant increase in credit risk

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

5.1.4 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

5.1.5 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

5.1.6 Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development.

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

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5.2.1 Percentage of completion

The Group recognises accrual for properties under development based on the percentage of completion method. The percentage of work completion is determined by the independent lead consultant of the respective projects.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of accrual for properties under development. Any change in estimate for determination of accruals for properties under development is recognised in current consolidated statement of financial position.

5.2.2 Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

5.2.3 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.2.4 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

5.2.5 Impairment of associates and joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on the Group's investment in its associates, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

5.2.6 Impairment of trading properties

Trading properties are held at the lower of cost and net realisable value. When trading properties become obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimation uncertainty (continued)

5.2.7 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

5.2.8 Estimation of impairment of property, plant and equipment and capital work-in progress and their useful lives

The Group's management tests annually whether property plant and equipment and capital work-in progress have suffered impairment in accordance with the accounting policies stated within note 4 above. The recoverable amounts of the assets are determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates. The Group's management determines the useful lives of property plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

5.2.9 Net realisable value of development properties

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

5.2.10 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss.

5.2.11 Fair value of financial instruments

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

5.2.12 Provision for foreign taxation

The Group has made provision for potential tax liabilities which may arise on foreign income. These provisions have been assessed based on information available to management as of the reporting date. The actual liability which may or may not arise if and when the relevant tax authorities make an official assessment may substantially differ from the actual provision made.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies

6.1 Composition of the Group
Details of the Group's direct subsidiaries at the end of the reporting period are as follows:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			31 Dec. 2023	31 Dec. 2022
IFA Hotels & Resorts – FZE (a)	UAE	Property development	**100%**	100%
IFA HI Real Estate Services Company – WLL	Kuwait	Property management and real estate	**99%**	99%
IFA Kuwait Building General Contracting Company – WLL (note 6.2.2)	Kuwait	Buildings general contracting	**85%**	85%

(a) On 9 December 2022, the UAE ministry of Finance announced the implementation of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact on these consolidated financial statements of the Group. Management assessed the impact of implementing the Federal Corporate tax and concluded that there is no material deferred tax impact to the Group consolidated financial statements for the year ended 31 December 2023.

6.2 Partial disposal of subsidiaries

6.2.1 C Seventeen Investments
During the year ended 31 December 2022, the Group issued shares equivalent to 25.46% of the share capital of C Seventeen Investments-UAE, (a subsidiary owned by one of its foreign subsidiaries) for a consideration of AED 72,000,000 (equivalent to KD6,093,288) to a related party and reduced its ownership of the subsidiary by the same proportion. As the aforementioned transaction did not result in loss of control for the Group, the Group recorded the transaction as a "transaction between the owners" in the consolidated statement of changes in equity and recognized a loss of AED68,030,000 (equivalent to KD5,757,311) in the retained earnings of the previous year.

6.2.2 IFA Kuwait Building General Contracting Company – W.L.L
On 1 July 2022, the Parent Company transferred the ownership of three direct subsidiaries to IFA Kuwait Building General Contracting Company – W.L.L ("IFA Building"), another fully owned subsidiary. The transfer did not result in any gain or loss as it was considered an intercompany transaction.

Following the above transfer, on the same date the Parent Company sold 15% of its ownership interest in IFA Building to a related party for a total consideration of KD1,497,239 resulting into a gain of KD1,471,564. As the aforementioned transaction did not result in loss of control, the Group recorded the transaction as a "transaction with the owners" in the consolidated statement of changes in equity.

6.2.3 C-Sixteen Investments Limited
On 15 August 2023, the Group sold 14.02% of the shares of C Sixteen Investments Limited (a foreign subsidiary) to a related party for a total consideration of KD2,169,946 in exchange for part of the non-controlling interests bought from a related party disclosed in note 6.3b. The transaction resulted in recognition of non-controlling interests of KD2,169,947 and did not result in any gain or losses. Management concluded that the Group retains control over C Sixteen Investments Limited after the disposal and, accordingly, the subsidiary continues to be consolidated in these consolidated financial statements.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.2 Partial disposal of subsidiaries (continued)

6.2.4 IFA Hotels and Resorts One (Cayman Island)

On 1 December 2023, the Group sold 3.822% of the shares of IFA HR 1 - Cayman Island (a foreign subsidiary) to a third party for a total consideration of AED17.2 million (equivalent to KD1,436,469). The transaction resulted in gain on disposal amounting to AED2.48 million (equivalent to KD206,872) recorded in the retained earnings and recognition of non-controlling interests to AED14,723,107 (equivalent to KD1,229,596). Management concluded that the Group retains control over IFA HR 1 (Cayman Island) after the disposal and, accordingly, the subsidiary continues to be consolidated in these consolidated financial statements.

6.3 Partial disposal/acquisition of additional shares of subsidiaries

a- During 2023, the Group bought back 20.42% ownership interest in one of its subsidiaries "Kingdom of Sheba Heritage Place" for a total consideration of AED49.8 million (equivalent to KD4.16 million). As settlement for this consideration, the Group sold 11.07% of its shareholding in its subsidiary IFA HR 1 which resulted in dilution of Group's ownership in IFA HR 1 to 36.93%.

Management concluded that the Group retains control over IFA HR 1 after the disposal and, accordingly, the subsidiary continues to be consolidated in this consolidated financial statement. These transactions resulted in recognition of non-controlling interests of KD540,910 and a gain of KD422,110 recognised directly in the retained earnings as these are common-control transactions.

b- During 2023, subsequent to the transaction referred to above, the Group bought back 30% ownership interest in one of its subsidiaries "Kingdom of Sheba Heritage Place" from minority shareholders (related parties) for an aggregate consideration of AED108.1 million (equivalent to KD9 million) which was charged to amount due to related parties. The transaction resulted in de-recognition of non-controlling interests of KD3,452,543 and recognition of a loss of KD1,355,357 directly in the retained earnings as these are transactions between the owners. As a result of these acquisitions, the Group owned 100% ownership of its subsidiary "Kingdom of Sheba Heritage Place". Subsequent to the acquisitions, the Group transferred the ownership of "Kingdom of Sheba Heritage Place" to another subsidiary, C Sixteen Limited (refer Note 18).

6.4 Business disposal

a- During 2022, the Group had classified its investment in its wholly owned subsidiary C Seventeen as "held for sale" under IFRS 5. C Seventeen was a wholly owned subsidiary of C Seventeen Investments. On 31 July 2022, the Group sold 50% ownership of C Seventeen and the retained 50% interest was classified as investment in joint venture (note 15.2.1).

b- During 2023, the Group had classified its investment in its wholly owned subsidiary C Sixteen Limited as "held for sale" under IFRS 5. C Sixteen Limited was a wholly owned subsidiary of C Sixteen Investments Limited. On 14 July 2023, the Group sold 50% ownership of C Sixteen Limited and the retained 50% interest was classified as investment in joint venture (note 15.2.2). Details of the transaction were as follows:

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.4 Business disposal (continued)

	KD
Group's share at 50% of C Sixteen Limited carrying value on reclassification	5,751,107
Fair value gain on reclassification to joint venture	7,548,377
	13,299,484

Details of the above transactions are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Net assets derecognised	(11,495,299)	(45,529,656)
Fair value of consideration received	11,735,623	6,428,526
Fair value of retained interest classified as investment in joint venture - excluding additional investment	13,291,488	45,828,762
Foreign exchange adjustment	8,141	9,465
Gain on sale of assets held for sale	13,539,953	6,737,097

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.5 Subsidiaries with material non-controlling interests

The Group includes four subsidiaries with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive (loss)/income allocated to NCI		Accumulated NCI	
	31 Dec. 2023 %	31 Dec. 2022 %	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Subsidiaries of IFA Hotels & Resorts – KPSC:						
IFA Kuwait Building General Contracting	15.00%	15.00%	81,681	(14,973)	(2,200,392)	(2,186,451)
Subsidiaries of IFA Hotels & Resorts – FZE:						
IFA Hotels & Resorts 1 (Cayman Islands)	66.89%	52.00%	352,970	1,013,714	14,712,364	10,243,793
Kingdom of Sheba Heritage Place FZE	-	-	-	(973)	-	5,751,871
EIFA Estates Middle East	21.05%	21.05%	(3,001)	(4,387)	(378,584)	(375,088)
C Seventeen Investment (note 6.2.1)	25.46%	25.46%	1,533,959	(65,655)	13,160,445	11,613,395
C Sixteen Limited	14.02%	-	(44,559)	-	2,109,360	-
Subsidiaries of IFA HI Real Estate Services Company – WLL:						
Strive Group Investments LLC (a below)	35.00%	35.00%	305,425	146,448	6,744,890	6,431,372
Others:						
Individually immaterial subsidiaries with non-controlling interests			(238)	4,631	(26,146)	(27,454)
			2,226,237	1,078,805	34,121,937	31,451,438

The Group holds 35% of the ordinary shares and voting rights in Strive Group LLC. Three other investors hold 27.44%, 23.95% and 13.61% respectively. The other shareholders have no arrangements to consult one another or act collectively and past experience indicates that few of the other owners do not actually exercise their voting rights at all. As a result, the Group exercises control over the subsidiary and the financial statements of the subsidiary have been consolidated in these consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.5 Subsidiaries with material non-controlling interests (continued)

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

Statement of financial position as at 31 December 2023 and 31 December 2022:

	IFA Kuwait Building General Contracting KD	IFA Hotels & Resorts 1 FZE KD	Kingdom of Sheba Heritage Place FZE KD	EIFA Estates Middle East KD	C Seventeen Investments KD	C Sixteen Investments KD	Strive Group Investments LLC KD
31 December 2023:							
Total assets	14,885,725	75,476,257	-	116,894	15,049,433	15,634,036	21,507,824
Total liabilities	29,581,155	55,086,597	-	1,918,007	1,873	584,643	11,283,394
Equity attributable to the owners of the Parent Company	(14,669,283)	5,677,297	-	(1,422,529)	1,887,114	12,940,032	3,479,539
Non-controlling interests	(26,147)	14,712,363	-	(378,584)	13,160,445	2,109,360	6,744,891
31 December 2022:							
Total assets	15,460,828	75,971,617	11,471,856	122,501	45,614,598	-	15,287,698
Total liabilities	30,064,623	56,272,016	63,941	1,907,003	319	-	5,393,515
Equity attributable to the owners of the Parent Company	(12,417,344)	9,455,808	5,656,044	(1,409,414)	34,000,884	-	3,462,811
Non-controlling interests	(2,186,451)	10,243,793	5,751,871	(375,088)	11,613,395	-	6,431,372

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.5 Subsidiaries with material non-controlling interests (continued)
Statement of profit or loss for the year ended 31 December 2023 and 31 December 2022:

	IFA Kuwait Building General Contracting KD	IFA Hotels & Resorts 1 FZE KD	Kingdom of Sheba Heritage Place FZE KD	EIFA Estates Middle East KD	C Seventeen Investments KD	C Sixteen Investments KD	Strive Group Investments LLC KD
Year ended 31 December 2023:							
Revenue	2,680,940	19,310,131	-	465,526	-	-	7,055,827
Profit/(loss) for the year	544,537	664,849	-	(14,256)	6,024,978	(317,823)	690,495
Total comprehensive income/(loss) for the year	544,537	664,849	-	(14,256)	6,024,978	(317,823)	690,495
- attributable to the owners of the Parent Company	462,856	311,879	-	(11,255)	4,491,019	(273,265)	385,069
- attributable to NCI	81,681	352,970	-	(3,001)	1,533,959	(44,559)	305,426
Year ended 31 December 2022:							
Revenue	2,717,838	18,636,155	-	403,135	-	-	5,903,237
(Loss)/profit for the year	(99,819)	1,949,450	(1,929)	(20,843)	(257,875)	-	225,305
Total comprehensive (loss)/income for the year	(99,819)	1,949,450	(1,929)	(20,843)	(257,875)	-	225,305
- attributable to the owners of the Parent Company	(84,846)	935,736	(957)	(16,456)	(192,220)	-	78,857
- attributable to NCI	(14,973)	1,013,714	(972)	(4,387)	(65,655)	-	146,448

Notes to the consolidated financial statements (continued)

7 Revenue

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Revenue from projects under development	2,492,439	11,951,545
Revenue from sale of properties	691,598	-
Revenue from leasing	304,927	-
Revenue from hotel operations	25,280,598	22,381,096
Revenue from residential facilities management services	4,360,012	4,517,097
Management fees	1,215,403	235,851
Rental income	689,330	532,720
Other	83,017	-
	35,117,324	39,618,309

8 Finance costs

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
On financial liabilities at amortised costs:		
Borrowings and redeemable preference shares	4,743,497	3,982,909
Balances with related parties	650,178	323,197
Lease liabilities	102,928	148,028
	5,496,603	4,454,134

9 Taxation

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Taxation charge on overseas subsidiaries	244,510	147,342
Provision for KFAS	145,707	-
Provision for Zakat	145,813	29,996
Provision for National Labour Support Tax (NLST)	364,534	74,990
	900,564	252,328

Notes to the consolidated financial statements (continued)

10 Profit for the year

Profit for the year is stated after charging the following expenses:

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Hotel operation, maintenance and office expenses	5,712,556	3,795,651
Administration and management fee	977,940	824,580
Legal and professional fees and legal settlement costs	652,091	2,130,630
Settlement of claims by Homeowners Association in UAE	94,118	163,526
Rent operating leases	299,848	309,227

11 Net loss on financial assets and financial liabilities

Net loss on financial assets and financial liabilities, analysed by category, is as follows:

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Financial assets at amortised cost:		
– Interest income	194,105	323,503
Financial assets at FVTOCI:		
– Recognised directly in consolidated statement of other comprehensive income	134,264	(7,423)
	328,369	316,080
Financial liabilities at amortised costs:		
Finance costs (note 8)	(5,496,603)	(4,454,134)
	(5,168,234)	(4,138,054)
Net loss recognised in the consolidated statement of profit or loss	(5,302,498)	(4,130,631)
Net income/(loss) recognised in the consolidated statement of profit or loss and other comprehensive income	134,264	(7,423)
	(5,168,234)	(4,138,054)

12 Basic and diluted earnings per share attributable to the owners of the Parent Company

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

	Year ended 31 Dec. 2023	Year ended 31 Dec. 2022
Profit for the year attributable to the owners of the Parent Company (KD)	13,914,688	2,896,038
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	183,325,044	183,325,044
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	75.90	15.80

The basic and diluted earnings per share reported during the previous year was 4.56 Fils before retroactive adjustments relating to write-off of accumulated losses (Note 28).

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Furniture and fixtures KD	Machinery and equipment KD	Motor vehicles KD	Total KD
Year ended 31 December 2023						
Cost:						
As at 1 January 2023	6,642,425	95,603,618	6,437,228	7,183,795	146,137	116,013,203
Additions	331,160	59,649	276,143	1,073,253	1,426	1,741,631
Disposals	(36,515)	(18,550)	(37,754)	-	(18,461)	(111,280)
Transfer to investment properties	(37,707)	-	-	-	-	(37,707)
Foreign exchange adjustment	(8,198)	118,791	(7,982)	4,679	(10,031)	97,259
As at 31 December 2023	6,891,165	95,763,508	6,667,635	8,261,727	119,071	117,703,106
Accumulated depreciation and impairment losses:						
As at 1 January 2023	-	19,546,074	5,863,028	6,788,257	19,234	32,216,593
Depreciation for the year	-	1,961,535	258,494	274,449	20,137	2,514,615
Relating to disposals	-	(8,811)	(37,754)	-	(3,956)	(50,521)
Foreign exchange adjustment	-	19,467	1,922	5,446	(1,206)	25,629
As at 31 December 2023	-	21,518,265	6,085,690	7,068,152	34,209	34,706,316
Net book value						
As at 31 December 2023	6,891,165	74,245,243	581,945	1,193,575	84,862	82,996,790
Year ended 31 December 2022						
Cost:						
As at 1 January 2022	6,294,460	94,382,368	5,792,977	6,718,245	30,994	113,219,044
Additions	281,008	39,169	587,325	381,332	122,113	1,410,947
Foreign exchange adjustment	66,957	1,182,081	56,926	84,218	(6,970)	1,383,212
As at 31 December 2022	6,642,425	95,603,618	6,437,228	7,183,795	146,137	116,013,203
Accumulated depreciation and impairment losses:						
As at 1 January 2022	-	17,344,095	5,552,463	6,572,220	16,376	29,485,154
Depreciation for the year	-	1,985,055	250,202	133,539	4,326	2,373,122
Foreign exchange adjustment	-	216,924	60,363	82,498	(1,468)	358,317
As at 31 December 2022	-	19,546,074	5,863,028	6,788,257	19,234	32,216,593
Net book value						
As at 31 December 2022	6,642,425	76,057,544	574,200	395,538	126,903	83,796,610

Certain property and equipment with an aggregate carrying value of KD81,433,979 (2022: KD67,368,557), located in UAE, have been pledged as security against borrowings (Note 24).

Notes to the consolidated financial statements (continued)

14 Investment properties

	31 Dec. 2023 KD	31 Dec. 2022 KD
Apartments – Portugal	-	288,901
Land - South Africa	131,786	-
Commercial and retail real estate properties – UAE	2,449,489	3,703,124
	2,581,275	3,992,025

The movement in investment properties is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	3,992,025	3,523,999
Additions	2,330,768	-
Transferred from property, plant, and equipment	37,707	-
Transferred from trading properties	-	505,902
Disposal during the year	(3,835,501)	(393,038)
Change in fair value arising during the year	41,822	361,898
Foreign currency adjustment	14,454	(6,736)
Balance at end of the year	2,581,275	3,992,025

a) Certain properties with an aggregate carrying value of KD2,129,627 (2022: Nil), located in UAE, have been pledged as security against borrowings (Note 24).

b) Details of fair valuation of investment properties are disclosed in note 32.4

15 Investment in associates and joint ventures

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investment in associates (note 15.1)	11,875,848	10,532,328
Investment in joint ventures (Note 15.2)	66,741,978	45,614,598
	78,617,826	56,146,926

15 Investment in associates and joint ventures (continued)

15.1 Investment in associates

15.1.1 Details of the Group's material associates are as follows:

Name of the associate	Country of Incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at the year end 31 Dec. 2023	31 Dec. 2022
Legend and IFA Developments	South Africa	Property development, resorts accommodation and related services	50%	50%
United Hospitality Management	UAE	Hospitality management	49%	-
Vacation Club Venture	UAE	Time share	35.23%	35.23%

The carrying value of investment in associates comprise of the following:

	31 Dec. 2023 KD	31 Dec. 2022 KD
- Legend and IFA Development	15	15
- United Hospitality Management	63,078	-
- Vacation Club Venture	7,407,786	5,868,644
	7,470,879	5,868,659
Shareholders' loan – Legend and IFA Development	5,975,306	6,348,438
Less: provision for impairment in value of shareholders' loan	(1,570,336)	(1,684,769)
	11,875,849	10,532,328

15.1.2 The movement in the carrying value of investment in associates during the year is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance as at 1 January	10,532,328	11,105,177
Additions	4,099	-
Increase/(decrease) in shareholders' loan	57,713	(429,315)
Share of results	1,592,781	61,647
Foreign currency translation adjustments	(311,073)	(205,181)
Balance at the end of the year	11,875,848	10,532,328

15.1.3 Summarised financial information of associates:
Summarised financial information in respect the Group's material associates are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for any differences in accounting policies between the Group and the associate.

Notes to the consolidated financial statements (continued)

15 Investment in associates and joint venture (continued)

15.1 Investment in associates (continued)

15.1.3 Summarised financial information of associates: (continued)

	Legend and IFA Development		United Hospitality Management		Vacation Club Venture	
	31 Dec. 2023 KD	31 Dec. 2022 KD	**31 Dec. 2023 KD**	31 Dec. 2022 KD	**31 Dec. 2023 KD**	31 Dec. 2022 KD
Summarised statement of financial position						
Total assets	**7,561,190**	9,456,906	**271,432**	-	**20,259,376**	14,906,615
Total liabilities	**(12,095,084)**	(13,957,533)	**(142,701)**	-	**(1,515,166)**	(532,629)
Equity attributable to the owners of the associate	**(4,533,894)**	(4,500,627)	**128,731**	-	**18,744,210**	14,373,986
Group's ownership interest	**50%**	50%	**49%**	-	**35.23%**	35.23%
Group's share of net assets of the associate	**(2,266,947)**	(2,250,314)	**63,078**	-	**6,603,585**	5,063,955
Goodwill	**-**	-	**-**	-	**-**	-
Shareholders' loan (Note 31)	**4,404,970**	4,663,669	**-**	-	**-**	-
Other adjustments	**2,266,962**	2,250,330	**-**	-	**804,200**	804,689
Carrying value of Group's ownership interest	**4,404,985**	4,663,685	**63,078**	-	**7,407,785**	5,868,644
Summarised statement of profit or loss						
Revenue	**129,316**	75,599	**293,573**	-	**464,380**	88,277
(Loss)/profit for the year	**(199,017)**	24,028	**120,567**	-	**4,353,401**	174,984
Total comprehensive (loss)/income for the year	**(199,017)**	24,028	**120,567**	-	**4,353,401**	174,984

Investment in Legend and IFA Developments (Pty) Ltd., includes shareholders' loans of KD4,404,970 (31 December 2022: KD4,663,669) which are non-interest bearing and carried at present value. The loans are unsecured and are not repayable before 31 December 2024.

The accumulated unrecognised losses of Legend and IFA Development (Pty) Ltd amounted to KD2,266,947 (2022: KD2,428,591).

15 Investment in associates and joint ventures (continued)

15.2 Investment in joint ventures

Details of the Group's joint ventures are as follows:

Name of the joint venture	Country of Incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at the year end	
			31 Dec. 2023	31 Dec. 2022
C Seventeen (15.2.1)	Cayman Island	Residential properties management	50%	50%
C Sixteen Limited (15.2.2)	Cayman Island	Residential properties management	50%	-

15.2.1 C Seventeen

Investment in C Seventeen represents the share in net assets of the joint venture at the reporting date as per equity accounting principles and the movements during the year are summarised as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance as at 1 January	45,614,598	-
Group's share at 50% of C Sixteen Limited carrying value	-	31,334,807
Fair value gain on acquisition of joint venture	-	23,063,934
Net assets transferred on issue of further shares	-	(8,569,979)
Share of results *	6,026,534	(257,556)
Foreign currency translation adjustments	51,414	43,392
Balance as at 31 December	51,692,546	45,614,598

* Share of results of C Seventeen is allocated between the joint venture partners based on terms and conditions in the Joint Venture agreement.

Aggregated summary financial information relating to C Seventeen is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Summary of statement of financial position:		
Total assets	123,751,699	101,167,870
Total liabilities	(36,023,012)	(38,950,385)
Net assets	87,728,687	62,217,485
Summary of statement of profit or loss for the year:		
Income	38,225,888	-
Expenses	(20,500,787)	(515,111)
Profit/(loss) for the year	17,725,101	(515,111)

Notes to the consolidated financial statements (continued)

15 Investment in associates and joint ventures (continued)

15.2 Investment in joint ventures (continued)

15.2.2 C Sixteen Limited
During the year, the Group disposed of 50% of its investment in C Sixteen Limited leading to the formation of a joint venture (note 6.4 b).

Investment in C Sixteen Limited represents the share in net assets of the joint venture at the reporting date as per equity accounting principles and the movements during the year are summarised as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance as at 1 January	-	-
Reclassification to joint venture (Note 6.4b)	13,299,484	-
Additional investment during the year	2,091,114	-
Share of results *	(317,784)	-
Foreign currency translation adjustments	(23,382)	-
Balance as at 31 December	15,049,432	-

* The Group's share of loss in C Sixteen Limited is 50%.

Aggregated summary financial information relating to C Sixteen Limited is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Summary of statement of financial position:		
Total assets	63,253,355	-
Total liabilities	(33,154,490)	-
Net assets	30,098,865	-
Summary of statement of profit or loss for the year:		
Income	-	-
Expenses	(639,032)	-
Loss for the year	(639,032)	-

Notes to the consolidated financial statements (continued)

16 Accounts receivable and other assets

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets:		
Trade receivables	14,363,503	15,363,478
Provision for doubtful debts	(281,673)	(274,966)
	14,081,830	15,088,512
Due from related parties (note 31)	2,525,816	3,199,851
Other financial assets	2,718,740	3,594,667
	19,326,386	21,883,030
Non-financial assets:		
Advance to contractors	174,898	240,287
Deferred tax assets	105,668	272,657
Other non-financial assets	1,992,382	1,620,514
	2,272,948	2,133,458
	21,599,334	24,016,488
Less: current portion	(16,454,709)	(21,615,599)
Non-current portion (b)	5,144,625	2,400,889

a- Trade receivables include project-related receivables amounting to KD5,007,758 (31 December 2022: KD9,994,519) which will be received as per the payment terms agreed with the respective customers.

b- Non-current receivables include receivable from a joint venture partner. Out of the KD13,299,484 receivable from the joint venture partner, KD5,604,185 will be received at completion of the project and has been discounted to KD4,041,105.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on trade receivables. The loss rates are based on days past due for groupings of different debtor segments with similar loss patterns. The calculation also considers the past default experience of the debtor, current and forward-looking factors affecting the debtor's ability to settle the amount outstanding, general economic condition of the industry in which the debtor operates and an assessment of both current as well as the forecast direction of conditions at the reporting date.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

The movement of the provision for doubtful debts during the year is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at 1 January	274,966	859,671
Charge for the year	6,400	8,915
Reversal of provision no longer required	-	(596,371)
Foreign currency adjustment	307	2,751
Balance at 31 December	281,673	274,966

Notes to the consolidated financial statements (continued)

17 Trading properties

	31 Dec. 2023 KD	31 Dec. 2022 KD
Properties in the UAE	114,380	574,652
Properties in South Africa	7,767,057	6,650,330
	7,881,437	7,224,982

Management obtained independent valuations for its trading properties and recognised impairment loss of Nil (31 December 2022: KD70,679).

Trading properties with an aggregate carrying value of KD7,767,057 (2022: KD6,650,330), located in South Africa, have been pledged as security for term loan facilities (Note 24).

18 Assets classified as held for sale

Asset classified as held for sale related to construction work-in-progress of revenue projects which were offered for sale. The project under construction was Kingdom of Sheba Heritage Place. On 14 July 2023, subsidiary Kingdom of Sheba Heritage Place FZE was transferred to C Sixteen Limited, another subsidiary. Following the transfer, the Group disposed of 50% of its investment in C Sixteen Limited, a wholly owned subsidiary of C Sixteen Investments Limited, which is a subsidiary of the Group pursuant to which a joint venture was formed (Note 15.2.2).

19 Cash and cash equivalents

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cash and bank balances	8,313,156	8,820,775
Term deposits	18,225	18,225
Cash and cash equivalents as per consolidated statement of financial position	8,331,381	8,839,000
Less: blocked deposits	(18,225)	(18,225)
Cash and cash equivalents as per consolidated statement of cash flows	8,313,156	8,820,775

20 Share capital and share premium

As of 31 December 2023, the authorized, issued and paid up share capital of the Parent Company consists of 183,424,550 shares of 100 fils each (31 December 2022: 635,434,200 shares of 100 fils each). All shares are in cash.

During the year, the Parent Company's share capital was decreased by KD45,200,965 as a result of write off of accumulated losses (note 28). The capital decrease was approved by the relevant authorities and registered in the companies register on 12 September 2023.

Share premium is not available for distribution.

Notes to the consolidated financial statements (continued)

21 Treasury shares

	31 Dec. 2023	31 Dec. 2022
Number of shares	99,506	343,952
Percentage of issued shares	0.05%	0.05%
Market value (KD)	79,605	9,493
Cost (KD)	246,011	246,011

Share premium equivalent to the cost of treasury shares have been classified as non-distributable.

22 Statutory and voluntary reserves

	31 Dec. 2023 KD	31 Dec. 2022 KD
Statutory reserve	1,457,074	-
Voluntary reserve	1,457,074	-
	2,914,148	-

Statutory reserve
In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and directors' remuneration attributable to the owners of the Parent Company is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

Voluntary reserve
According to the Parent Company's articles of association, 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to the voluntary reserve at the discretion of the board of directors subject to the approval of the general assembly. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in a year in which the Group has incurred a loss or where accumulated losses exist.

23 Other components of equity

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Total KD
Balances as at 1 January 2023	**(347,663)**	**(12,627,569)**	**(12,975,232)**
Change in fair value of investments at FVTOCI	134,264	-	134,264
Arising on translation of foreign operations	-	(640,938)	(640,938)
Other comprehensive income/(loss)	**134,264**	**(640,938)**	**(506,674)**
Balances as at 31 December 2023	**(213,399)**	**(13,268,507)**	**(13,481,906)**

23 Other components of equity (continued)

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Total KD
Balances at 1 January 2022	(340,240)	(14,537,442)	(14,877,682)
Transferred on partial disposal of a subsidiary	-	2,114,791	2,114,791
Change in fair value of investments at FVTOCI	(7,423)	-	(7,423)
Arising on translation of foreign operations	-	(204,918)	(204,918)
Other comprehensive loss	(7,423)	(204,918)	(212,341)
Balances at 31 December 2022	(347,663)	(12,627,569)	(12,975,232)

24 Borrowings

Borrowings represent terms loans and Islamic financing facilities obtained by the Group as follows:

	Note	31 Dec. 2023 KD	31 Dec. 2022 KD
Borrowings obtained in UAE			
- Term Loan	24.1	3,365,049	1,924,701
- Islamic financing facilities	24.2	51,011,165	55,766,074
		54,376,214	57,690,775
Borrowings obtained in South Africa	24.3	562,717	640,596
Borrowings obtained in Portugal		-	28,355
		54,938,931	58,359,726
Less: amounts due within one year		(5,162,822)	(4,619,217)
Amounts due after one year		49,776,109	53,740,509

24.1) Term Loan

a) This represents a facility obtained from a bank located in UAE, carrying a mark-up of 3 months EIBOR plus 3.5% (floor 5.25%). The loan was obtained to finance the purchase of a properties and is secured by way of assigning first degree registered mortgage over the subject properties of the borrower, assignment of rental income of the subject properties of the borrower, security cheque drawn in favour of the bank amounting to AED45,000,000 (equivalent to KD3,757,500), notarized power of attorney in favour of the bank to manage the properties of the borrower and a corporate guarantee in favour of the bank.

Notes to the consolidated financial statements (continued)

24 Borrowings (continued)

24.2) Islamic financing facilities:

a) *Islamic facilities (Ijara) aggregating AED657 million (outstanding as of 31 December 2023: AED571,627,090 equivalent to KD47,739,322)*

The above facilities are carrying a base rate over 3 months EIBOR, subject to minimum fix rate. The facilities are secured against corporate guarantee from the Parent Company and certain subsidiaries located in UAE, creation of a share charge against shares of certain subsidiaries of the Group, a mortgage of a property classified under property, plant and equipment with a carrying value of KD69,778,578 movable mortgage in favour of the bank against, amongst other assets, the bank accounts and other receivables deriving from the mortgaged property, and assignment of insurance policy in favour of the bank against the mortgaged property. The facilities were originally to be repaid in 56 quarterly instalments ending in December 2032. However, the Group renegotiated the repayment schedule and is now to be repaid in 56 quarterly instalments ending in December 2035.

b) *Islamic facilities (Ijara & Murabaha) aggregating AED130 million (outstanding as of 31 December 2023: AED39,176,800 equivalent to KD3,271,843)*
During 2019, an Islamic facility (Ijara) was obtained of AED115 million, repayable at fixed annual payments at the base rate over annual EIBOR, subject to minimum fixed rate, within a maximum period of 8 years from the date of disbursement. The facility is secured against corporate guarantee of the Parent Company and certain other subsidiaries of the Group, first degree mortgage over 37 units classified under trading properties with a carrying value of KD11,157,843, assignment of risk insurance policy in favour of the bank against the mortgaged properties and an undertaking from certain subsidiaries of the Group to cover any shortfall in instalments from other sources.

During 2023, an Islamic facility (Murabaha) was obtained of AED15 million, for renewal of the above mentioned Ijara, repayable at fixed annual payments at the base rate over annual EIBOR, subject to minimum fixed rate, till 30 September 2027. The facility is secured against corporate guarantee of the Parent Company and certain other subsidiaries of the Group, first degree mortgage over 17 units classified under trading properties with a carrying value of KD4,359,974, assignment of risk insurance policy in favour of the bank against the mortgaged properties and an undertaking from certain subsidiaries of the Group to cover any shortfall in instalments from other sources.

24.3) Borrowings obtained in South Africa:
The borrowings obtained in South Africa are secured against trading properties amounting to KD7,767,057 as at 31 December 2023 (2022: KD6,650,330).

25 Redeemable preference shares
During 2020, one of the Group's subsidiaries, under an agreement, issued preference share to a related party. These shares are issued with no voting rights and are cumulative, redeemable and non-convertible. These shares carry fixed dividend of 7% with a term of five years.

Notes to the consolidated financial statements (continued)

26 Accounts payable and other liabilities

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial liabilities:		
Trade payables	9,876,212	13,377,412
Accrued construction costs	165,494	323,498
Accruals	3,585,531	3,130,641
Deferred tax	862,012	702,464
Dividend payable	509,163	509,163
Provisions for taxation (a)	4,706,377	4,050,324
Land transfer fee payable	258,292	186,463
Other payables	4,540,013	13,910,590
	24,503,094	36,190,555
Non-financial liabilities:		
Prepayments and deposits	1,788,687	1,279,055
VAT payable	48,597	134,072
	1,837,284	1,413,127
	26,340,378	37,603,682

a- Provision for taxation includes provision for KFAS charged during the year amounting to KD145,707 (31 December 2022: Nil).
The Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the company's memorandum of association and article of association obligating the Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.
Therefore, the Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Company, particularly because the MOCI had issued similar instructions which were previously reversed.

27 Advances received from customers

Advances received from customers against sale of residential properties under development in various projects in the UAE and South Africa. Advances that are related to the projects that are expected to be transferred to revenue within next twelve months have been classified as current liabilities.
The movement in advances received from customers is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	5,367,918	7,455,856
Advances received during the year	164,026	4,172,338
Revenue recognised during the year	(1,034,833)	(4,528,011)
Deposit refunded upon cancellation	-	(23,568)
Transfer to trade receivables	-	(1,050,263)
Other movement	(133,785)	(658,685)
Foreign exchange adjustment	(361,917)	251
Balance at end of the year	4,001,409	5,367,918
Less: current portion	(3,308,357)	(4,554,449)
Non-current portion	693,052	813,469

28 General assembly of the shareholders

The board of directors of the Parent Company proposed not to distribute any dividend for the year ended 31 December 2023. This proposal is subject to the approval of the annual general assembly of shareholders.

The Annual General Assembly of the shareholders of Parent Company held on 29 May 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022 and the board of directors' proposal not to distribute any dividend for the year ended 31 December 2022.

Further, the shareholders rejected the board of directors' proposal not to distribute remuneration for the board of directors. The shareholders approved by the majority of attendees board of directors' remuneration of KD30,000 for the year ended 31 December 2022 which has been expensed in the consolidated statement of profit or loss for the current period under "Other operating expenses and charges".

The Extra-Ordinary General Assembly of the shareholders of Parent Company held on 29 May 2023 approved the board of the directors' proposal to write-off the accumulated losses amounting to KD45,200,965 as at 31 December 2022 by reducing the share capital of the Parent Company by KD45,200,965. Accordingly, the issued, authorised and paid share capital of the Parent Company became KD18,342,455 distributed on 183,424,550 shares of 100 Fils each.

29 Segmental information

The Group's activities are concentrated in four main segments: property development, hotelier operations, investments and others. The segment's results are reported to the senior management in the Group. In addition, the segments revenue, assets are reported based on the geographic locations which the Group operates in.

Notes to the consolidated financial statements (continued)

29 Segmental information (continued)
The following is the segments information, which conforms with the internal reporting presented to management.

	Property development KD	Hospitality KD	Investments KD	Others/ Unallocated KD	Total KD
Year ended 31 December 2023					
Revenue	8,538,306	25,280,598	1,298,420	-	35,117,324
Segment gross profit	1,402,235	17,044,402	840,915	-	19,287,552
Net income from ticket sale and related services	-	-	-	267,290	267,290
Fees and commission income	57,517	-	-	-	57,517
Share of results of associates and joint ventures	-	-	7,301,531	-	7,301,531
Change in fair value of investment properties	-	-	41,822	-	41,822
Gain from sale of investment properties	70,567	-	-	-	70,567
Gain from sale of assets held for sale	-	-	13,539,953	-	13,539,953
Interest income	-	-	-	194,105	194,105
Other income	-	-	-	1,242,912	1,242,912
Staff costs	(182,901)	(2,789,174)	(79,740)	(304,513)	(3,356,328)
Sales and marketing expenses	(114,866)	(1,409,711)	-	-	(1,524,577)
Other operating expenses and charges	(1,300,348)	(8,510,873)	(369,261)	(1,070,159)	(11,250,641)
Accounts receivable and other assets written-off	-	-	-	(447,280)	(447,280)
Depreciation	(197,143)	(2,681,261)	-	(7,927)	(2,886,331)
Finance costs	(275,655)	(4,791,421)	(420,656)	(8,871)	(5,496,603)
Segment profit/(loss) for the year before taxation	(540,594)	(3,138,038)	20,854,564	(134,443)	17,041,489
As at 31 December 2023					
Segment assets	92,549,901	88,734,902	25,375,548	217,902	206,878,253
Segment liabilities	(59,375,743)	(55,230,868)	(39,877,885)	(222,958)	(154,707,454)
Segment Net assets	33,174,158	33,504,034	(14,502,337)	(5,056)	52,170,799
Other information:					
Investment in associates and joint ventures					78,617,826
Goodwill					1,177,107
Taxation					(900,564)

Notes to the consolidated financial statements (continued)

29 Segmental information (continued)

	Property development KD	Hospitality KD	Investments KD	Others/ Unallocated KD	Total KD
Year ended 31 December 2022					
Revenue	17,001,363	22,381,096	235,850	-	39,618,309
Segment gross profit	652,752	14,887,231	179,772	-	15,719,755
Net income from ticket sale and related services	-	-	-	258,758	258,758
Fees and commission income	-	-	-	133,481	133,481
Share of results of associates	-	-	(195,909)	-	(195,909)
Change in fair value of investment properties	-	-	361,898	-	361,898
Loss from sale of investment properties	-	-	(23,496)	-	(23,496)
Gain from sale of assets held for sale	6,737,097	-	-	-	6,737,097
Interest income	-	-	-	323,503	323,503
Other income	-	-	-	498,294	498,294
Staff costs	(282,851)	(2,026,024)	(597,274)	(207,281)	(3,113,430)
Sales and marketing expenses	(283,612)	(1,435,271)	(904)	(111,103)	(1,830,890)
Other operating expenses and charges	149,159	(6,545,216)	(614,592)	(434,184)	(7,444,833)
Impairment losses	(70,679)	-	-	-	(70,679)
Depreciation	(267,664)	(2,390,510)	(102)	(13,968)	(2,672,244)
Finance costs	(604,301)	(3,588,225)	(304,296)	42,688	(4,454,134)
Segment profit/(loss) for the year before taxation	6,029,901	(1,098,015)	(1,194,903)	490,188	4,227,171
As at 31 December 2022					
Segment assets	87,276,865	79,437,058	31,156,313	599,831	198,470,067
Segment liabilities	(61,447,542)	(59,773,134)	(40,203,200)	(227,530)	(161,651,406)
Segment Net assets	25,829,323	19,663,924	(9,046,887)	372,301	36,818,661
Other information:					
Investment in associates and a joint venture					56,146,926
Goodwill					1,148,456
Taxation					(252,328)

29 Segmental information (continued)

Geographical segments:
The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Kuwait	2,951,379	3,522,856	-	-
UAE and Asia	186,315,500	176,426,324	32,436,384	30,852,638
Africa	14,901,063	15,843,703	2,680,940	8,765,671
Others	2,710,311	2,677,184	-	-
	206,878,253	198,470,067	35,117,324	39,618,309

30 Capital commitments and contingencies

Capital expenditure commitments
At the reporting date, the Group was committed to invest in the additional anticipated funding required to build several real estate projects in the UAE and South Africa. The estimated commitments on these projects are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	3,916	76,530
Finance guarantees	6,264	6,005
Post-dated cheques issued but not recorded	-	642,208
	10,180	724,743

The Group expects to finance the future expenditure commitments from the following sources:

a) sale of trading properties;
b) deposits received from customers;
c) repayment of advances provided by shareholders, related entities, joint ventures; and
d) borrowings, if required.

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

Notes to the consolidated financial statements (continued)

31 Related party transactions and balances (continued)

Significant transactions and balances with related parties included in the consolidated financial statements are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balances included in the consolidated statement of financial position:		
Amounts due from related parties included in accounts receivable and other assets (note 16)	2,525,816	3,199,851
Redeemable preference shares	3,050,024	2,869,754
Amounts due to related parties:		
- Due to major shareholder	16,854,376	16,833,595
- Due to others	45,815,024	38,403,571
	62,669,400	55,237,166
Shareholders loan given to an associate – net (included within investment in associate Note 15.1.1)	4,404,970	4,663,669

	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
Transactions included in the consolidated statement of profit or loss		
Finance costs	420,330	302,779
Dividend of redeemable preference shares	-	176,294
Transactions included in the consolidated statement of changes in equity		
Net loss from partial disposal/acquisition of subsidiaries accounted for directly in retained earnings	(726,375)	(4,285,747)
Compensation of key management personnel of the Group		
Long and short-term employee benefits	902,271	373,592
Board of directors' remuneration (included in other operating expenses and charges)	30,000	-

The amounts due from related parties are interest free and have no specific repayment terms.

The amount due to main shareholder is non-interest bearing and have no specific repayment dates.

Due to other related parties represent the following:

- KD4,677,151 payable on 30 June 2028 carrying fixed interest payable at maturity.
- KD1,205,773 carrying fixed interest with no specific repayment terms.
- KD4,377,001 after being discounted. The current portion amounts to KD463,244 and the non-current portion amounts to KD3,913,757
- KD9,532,746 carrying interest above the Central Bank of Kuwait discount rate per annum with no specific repayment dates.
- KD26,022,353 non-interest bearing with no specific repayment terms.

Notes to the consolidated financial statements (continued)

32 Summary of financial assets and liabilities by category and fair value measurement

32.1 Categories of financial assets and liabilities

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets:		
At amortised cost:		
- Accounts receivable and other assets (Note 16)	19,326,386	21,883,030
- Shareholders' loan given to an associate (Note 15.1.1)	4,404,970	4,663,669
- Cash and cash equivalents	8,331,381	8,839,000
	32,062,737	35,385,699
At fair value:		
Investments at FVTOCI	946,372	812,108
Total financial assets	33,009,108	36,197,807
Financial liabilities:		
At amortised cost:		
Borrowings	54,938,931	58,359,726
Lease liabilities	2,071,078	726,006
Redeemable preference shares	3,050,024	2,869,754
Due to related parties	62,669,400	55,237,166
Accounts payable and other liabilities (Note 26)	24,503,094	36,190,555
Total financial liabilities	147,232,527	153,383,207

32.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the Group's management, the carrying amounts of all financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (refer 32.4).

32.3 Fair value hierarchy for financial instruments measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Notes to the consolidated financial statements (continued)

32 Summary of financial assets and liabilities by category and fair value measurement (continued)

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

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Note	Level 1	Level 2	Level 3	Total Balance
		KD	KD	KD	KD
31 December 2023					
Financial assets:					
Investment at FVTOCI:					
- Local unquoted securities	a	-	-	72,255	72,255
- Foreign unquoted securities	a	-	-	874,117	874,117
Total assets		-	-	946,372	946,372
31 December 2022:					
Financial assets:					
Investment at FVTOCI:					
- Local unquoted securities	a	-	-	38,797	38,797
- Foreign unquoted securities	a	-	-	773,311	773,311
Total assets		-	-	812,108	812,108

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Unquoted shares (level 3)

These represent holdings in local and foreign unlisted securities which are measured at fair value. Fair value is estimated based on the net asset value reported in the latest available financial information, discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

Level 3 Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
As at 1 January	812,108	819,531
Change in fair value	134,264	(7,423)
As of 31 December	946,372	812,108

The impact on other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Notes to the consolidated financial statements (continued)

32 Summary of financial assets and liabilities by category and fair value measurement (continued)

32.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2023 and 31 December 2022:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2023				
Investment properties				
- Land - South Africa	-	-	131,786	131,786
- Commercial and retail real estate properties – UAE	-	-	2,449,489	2,449,489
	-	-	2,581,275	2,581,275
31 December 2022				
Investment properties				
- Commercial and retail real estate properties – UAE	-	-	3,703,124	3,703,124
- Apartments – Portugal	-	288,901	-	288,901
	-	288,901	3,703,124	3,992,025

The fair value of the investment properties has been determined based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The appraisals were carried out using a market comparison approach that reflects recent transaction prices for similar properties and income approach which involves the collection of data on the rents prevailing within the vicinity for sim9oilar unit.

Further information regarding the level 3 fair value measurements for the properties located in UAE is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (2023)	Range of unobservable inputs (2022)
Residential Spaces	Market Comparable/ Income approach*	- Price per Sq ft - Rental Growth p.a - Discount rate	KD125-146 N/A N/A	KD133-330 13%-17% 9%-10%
Parking Spaces	Market Comparable/ Income approach*	- Price per unit - Rental Growth p.a - Discount rate	KD6,681–16,703 N/A N/A	KD6,672-8,360 13%-17% 9%-10%

* For 2023, only market comparable was used.

33 Risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, retention payable, due to related parties, accounts payable and other liabilities, lease liabilities, redeemable preference shares and derivative financial instrument. The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, cash and cash equivalents, loans to associates and investment securities which arise directly from operations.

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

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

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

33.1 Market risk

a) Foreign currency risk

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

The Group mainly operates in the Middle Eastern countries, South Africa & Indian Ocean region and European countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollars and Euro. The Group's statement of financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of continuous assessment of the Groups' open positions.

The Group had the following significant exposures denominated in foreign currencies at the reporting date, translated into Kuwaiti Dinars at the closing rates:

	31 Dec. 2023 *Equivalent* KD	31 Dec. 2022 *Equivalent* KD
US Dollars	107,024	77,671
Euro	833,767	704,731

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, a reasonable possible change in exchanges rates of the foreign currencies noted above would not have a significant impact on the Group's consolidated profit or loss.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its term deposits and borrowings which are (both at fixed rate and floating interest rates). The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate term deposits and borrowings.

33 Risk management objectives and policies (continued)

33.1 Market risk (continued)

b) Interest rate risk (continued)

Positions are monitored regularly to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the loss for the year to a possible change in interest rates of + 1% and – 1% (2022: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2023 1% KD	31 Dec. 2022 1% KD	31 Dec. 2023 1% KD	31 Dec. 2022 1% KD
Profit for the year	(549,389)	(583,597)	549,389	583,597

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is not exposed to any significant price risks as of 31 December 2023 as Group's investments are unquoted.

33.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities.

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investments at fair value through other comprehensive income	946,372	812,108
Shareholders' loan to an associate (Note 15.1.1)	4,404,970	4,663,669
Accounts receivable and other assets (Note 16)	19,326,386	21,883,030
Cash and cash equivalents	8,331,381	8,839,000
	33,009,109	36,197,807

Except for certain loans to associates and due from related parties, none of the above financial assets are past due nor impaired. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

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

Notes to the consolidated financial statements (continued)

33 Risk management objectives and policies (continued)

33.2 Credit risk (continued)

The credit risk for bank balance is considered negligible, since the counterparties are reputable financial institutions with high credit quality and no history of default. Based on management assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly.

33.3 Concentration of assets

The distribution of financial assets by geographic region for 2023 and 2022 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	Europe KD	Total KD
At 31 December 2023					
Investments at fair value through other comprehensive income	72,255	-	-	874,117	946,372
Shareholders' loan to an associate	-	-	4,404,970	-	4,404,970
Accounts receivable and other assets	2,170,604	15,085,971	1,067,383	1,002,428	19,326,386
Cash and cash equivalents	185,183	6,635,630	676,801	833,767	8,331,381
	2,428,042	21,721,601	6,149,154	2,710,312	33,009,109
Investments at fair value through other comprehensive income	38,797	-	-	773,311	812,108
Shareholders' loan to an associate	-	-	4,663,669	-	4,663,669
Accounts receivable and other assets	2,587,883	15,781,829	2,603,078	910,240	21,883,030
Cash and cash equivalents	204,231	7,098,328	831,711	704,730	8,839,000
	2,830,911	22,880,157	8,098,458	2,388,281	36,197,807

33.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

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

	On demand KD	1-3 months KD	3-12 months KD	1-5 years KD	More than 5 years KD	Total KD
At 31 December 2023						
Financial liabilities						
Borrowings	-	2,631,841	5,754,301	26,897,602	43,109,871	78,393,615
Redeemable preference shares	-	-	-	3,050,024	-	3,050,024
Lease liabilities	-	-	886,921	1,584,157	-	2,471,078
Due to related parties	-	54,078,492	-	8,590,908	-	62,669,400
Accounts payable and other liabilities	-	24,501,213	-	-	-	24,501,213
	-	81,211,546	6,641,222	40,122,691	43,109,871	171,085,330

Notes to the consolidated financial statements (continued)

33 Risk management objectives and policies (continued)

33.4 Liquidity risk (continued)

	On demand KD	1-3 months KD	3-12 months KD	1-5 years KD	More than 5 years KD	Total KD
At 31 December 2022						
Financial liabilities						
Borrowings	-	3,208,556	5,278,446	30,103,774	38,682,526	77,273,302
Redeemable preference shares	-	-	-	2,869,754	-	2,869,754
Lease liabilities	-	-	507,747	618,259	-	1,126,006
Due to related parties	-	55,237,166	-	-	-	55,237,166
Accounts payable and other liabilities	-	36,190,555	-	-	-	36,190,555
	-	94,636,277	5,786,193	33,591,787	38,682,526	172,696,783

34 Capital management objectives

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

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

The Group monitors capital on the basis of the return on equity and it is calculated as profit for the year divided by total equity as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Profit attributable to the owners of the Parent Company	13,914,688	2,896,038
Equity attributable to the owners of the Parent Company	18,048,862	5,367,223
Return on equity attributable to the owners of the Parent Company	77.09%	53.96%

35 Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the year or net decrease in cash and cash equivalents.