Al-Arabiya Real Estate Company K.S.C.P.
And its Subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditors' report
For the year ended 31 December 2023

Al-Arabiya Real Estate Company K.S.C.P.

And its Subsidiaries

State of Kuwait

Consolidated Financial Statements and Independent Auditors' report

For the year ended 31 December 2023

Contents	Page
Independent Auditors' Report	1 – 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Income	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 – 34

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : +965 22408844, 22438060
Fax : +965 22408855, 22452080
www.deloitte.com

Independent Auditor's Report to the Shareholders Al-Arabiya Real Estate Company K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Arabiya Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' 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 (IFRS Accounting 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment properties The Group's investment properties are carried at KD 92,461,398 in the consolidated statement of financial position as at 31 December 2023 and the net fair value gain presented in the consolidated statement of income amounted to KD 1,846,510. The Group measures its investment properties at fair value. The determination of fair value of these investment properties is based on valuations performed by external valuers using either the market comparable approach or the capitalized income approach. The Group's discounted future cash flows analysis and the assessment of the expected remaining holding period and income projections on the existing operating assets requires management to apply significant judgements and make significant estimates related to future rental rates, capitalization rates and discount rates. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements and consequently we have determined this to be a key audit matter. Refer to note 5 in the consolidated financial statements for further details relating to this matter.	Our audit procedures included the following: • We evaluated the design of controls related to the valuation of investment properties and determined that these controls had been implemented appropriately. • We assessed the external valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes. • We agreed the total valuation in the valuers report to the amount reported in the consolidated statement of financial position. • We tested the data provided to the valuer by the Group, on a sample basis. • we tested the valuation of selected properties performed by the external valuers and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs. We utilized our internal specialist to perform this testing for properties which are located outside Kuwait. • Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. • We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. • We reperformed the arithmetical accuracy of the determination of fair value. • We assessed the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Deloitte.

Other Information

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 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 and will not express any form of assurance conclusion thereon.

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

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

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 based on these consolidated financial statements

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

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

Deloitte.

Independent Auditor's Report to the Shareholders Al-Arabiya Real Estate Company K.S.C.P. (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts 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, as amended, and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position, except that the Parent Company has directly invested in shares of certain companies, whose objectives are different from the Parent Company's (Note 7).

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

Talal Y. Al-Muzaini

License No. 209 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 24 March 2024

Al-Arabiya Real Estate Company K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Statement of Financial Position as at 31 December 2023

(All amounts are in Kuwaiti Dinar)

	Notes	31-Dec 2023	31-Dec-22 (Restated – Note 28)	01-Jan 2022 (Restated – Note 28)
Non-current assets				
Property, plant and equipment	4	14,316,130	14,735,823	15,188,135
Investment properties	5	92,461,398	109,574,582	106,332,647
Investment in an associate	6	439,250	566,784	848,514
Financial assets at fair value through other comprehensive income	7	8,836,158	9,979,850	9,902,650
Trade and other receivables	8	1,197,853	-	-
		117,250,789	134,857,039	132,271,946
Current assets				
Trade and other receivables	8	3,622,166	1,661,175	2,275,804
Cash and cash equivalents	9	2,039,115	1,723,237	974,012
		5,661,281	3,384,412	3,249,816
Total Assets		122,912,070	138,241,451	135,521,762
Equity & Liabilities				
Equity				
Share capital	10	36,920,973	50,984,499	50,984,499
Share premium		-	327,188	327,188
Treasury shares	11	(826,786)	(714,784)	(714,784)
Statutory reserve	12	285,766	4,744,392	4,744,392
Voluntary reserve	13	-	174,732	174,732
Other reserves	14	(1,727,883)	726,571	585,825
Retained earnings /(accumulated losses)		2,480,904	(19,309,838)	(21,370,413)
Total equity		37,132,974	36,932,760	34,731,439
Liabilities				
Non-current liabilities				
Post-employment benefits		320,582	334,996	290,705
Loans and bank facilities	15	-	53,536,554	56,148,132
		320,582	53,871,550	56,438,837
Current liabilities				
Trade and other payables	16	3,733,004	8,324,730	7,333,668
Loans and bank facilities	15	81,725,510	39,112,411	37,017,818
		85,458,514	47,437,141	44,351,486
Total liabilities		85,779,096	101,308,691	100,790,323
Total equity and liabilities		122,912,070	138,241,451	135,521,762

The attached notes 1 to 29 form part of these consolidated financial statements.

Dr. Emad Jawad Bukhamseen
Chairman

Dr. Abdullah Abdulsamad Marafi
Vice Chairman

Consolidated Statement of Income for the year ended 31 December 2023

(All amounts are in Kuwaiti Dinar)

	Notes	2023	2022
REVENUES			
Rental income from investment properties		4,388,635	4,837,917
Operating income from hotel		4,567,862	4,514,597
Unrealized gain from valuation of investment properties	5	1,846,510	3,486,780
Gain from sale of investment properties	5	1,400,567	176,509
Investment income	17	231,689	128,386
Group's share in associates' loss		(11,000)	-
Other income	18	1,315,165	186,431
		13,739,428	13,330,620
EXPENSES			
Investment properties expenses		827,858	820,240
Operating expenses of hotel		3,459,016	3,509,300
Finance costs		5,207,223	4,085,641
Foreign currency exchange differences		15,777	109,665
Provision for expected credit losses		186,226	-
Staff costs	19	356,641	282,700
Other expenses	20	1,173,287	1,678,310
Provision no longer required	16	(1,037,394)	-
Depreciation	4	693,135	697,085
		10,881,769	11,182,941
Net profit for the year before deductions		2,857,659	2,147,679
Contribution to Kuwait foundation for the advancement of science		(25,719)	-
National Labor support tax		(46,685)	(62,217)
Zakat		(18,585)	(24,887)
Net profit for the year		2,766,670	2,060,575
Basic and diluted earnings per share (fils)	21	7.58	5.63

The attached notes 1 to 29 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

(All amounts are in Kuwaiti Dinar)

	Notes	2023	2022 (Restated - Note 28)
Net profit for the year		2,766,670	2,060,575
Other comprehensive income			
Items that are or may be reclassified to the consolidated statement of income:			
Foreign currency translation	14	(192,997)	63,546
		(192,997)	63,546
Items that will not be reclassified subsequently to the consolidated statement of income:			
Change in fair value of financial assets at fair value through other comprehensive income	14	(2,207,030)	77,200
		(2,207,030)	77,200
Total other comprehensive (loss)/ income		(2,400,027)	140,746
Total comprehensive income for the year		366,643	2,201,321

The attached notes 1 to 29 form part of these consolidated financial statements.

Al-Arabiya Real Estate Company K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury Shares	Statutory reserve	Voluntary reserve	Other reserves (Note 14)	(Accumulated losses) / retained earnings	Total	Assets held for sale reserve	Total
Balance as at 1 January 2022 (As previously stated)	50,984,499	327,188	(714,784)	4,744,392	174,732	1,937,823	(21,370,413)	36,083,437	(1,351,998)	34,731,439
Prior years restatements (Note 28)	-	-	-	-	-	(1,351,998)	-	(1,351,998)	1,351,998	-
Balance as at 1 January 2022 (Restated)	50,984,499	327,188	(714,784)	4,744,392	174,732	585,825	(21,370,413)	34,731,439	-	34,731,439
Net profit for the year	-	-	-	-	-	-	2,060,575	2,060,575	-	2,060,575
Other comprehensive income for the year	-	-	-	-	-	140,746	-	140,746	-	140,746
Balance as at 31 December 2022	**50,984,499**	**327,188**	**(714,784)**	**4,744,392**	**174,732**	**726,571**	**(19,309,838)**	**36,932,760**	-	**36,932,760**
Balance as at 1 January 2023 (As previously stated)	**50,984,499**	**327,188**	**(714,784)**	**4,744,392**	**174,732**	**2,360,299**	**(19,309,838)**	**38,566,488**	**(1,351,998)**	**37,214,490**
Prior years restatements (Note 28)	-	-	-	-	-	(1,633,728)	-	(1,633,728)	1,351,998	(281,730)
Balance as at 1 January 2023 (Restated)	**50,984,499**	**327,188**	**(714,784)**	**4,744,392**	**174,732**	**726,571**	**(19,309,838)**	**36,932,760**	-	**36,932,760**
Net profit for the year	-	-	-	-	-	-	2,766,670	2,766,670	-	2,766,670
Other comprehensive (loss) for the year	-	-	-	-	-	(2,400,027)	-	(2,400,027)	-	(2,400,027)
Total comprehensive income for the year	-	-	-	-	-	(2,400,027)	2,766,670	366,643	-	366,643
Amortization of accumulated loss (Note 29)	(14,063,526)	(327,188)	-	(4,744,392)	(174,732)	-	19,309,838	-	-	-
Purchase of treasury shares	-	-	(207,615)	-	-	-	-	(207,615)	-	(207,615)
Sale of treasury shares	-	-	95,613	-	-	(54,427)	-	41,186	-	41,186
Transferred to statutory reserve	-	-	-	285,766	-	-	(285,766)	-	-	-
Balance as at 31 December 2023	**36,920,973**	-	**(826,786)**	**285,766**	-	**(1,727,883)**	**2,480,904**	**37,132,974**	-	**37,132,974**

The attached notes 1 to 29 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

(All amounts are in Kuwaiti Dinar)

	Notes	2023	2022 (Restated – Note 28)
Net profit for the year		**2,766,670**	**2,060,575**
Adjustments for:			
Depreciation	4	693,135	697,085
Provision charged /(Reversal) during the year		186,226	(24,269)
Provision no longer required		(1,037,394)	-
Unrealized gain from valuation of investment properties	5	(1,846,510)	(3,486,780)
Group's share in associates' loss		11,000	-
Income from financials assets at FVTOCI		(231,689)	(128,386)
Finance Costs		5,207,223	4,085,641
Gain from sale of investment properties	5	(1,400,567)	(176,509)
Closed dividends payable		(993,957)	-
Provision for employees end of services benefits		87,882	44,291
Operating profit before change in working capital		**3,442,019**	**3,071,648**
Trade and other receivables		235,950	638,898
Trade and other payables		(322,591)	1,015,704
Cash flows generated from operations		**3,355,378**	**4,726,250**
Paid from employees end of service benefits		(102,296)	-
Net Cash flows generated from operating activities		**3,253,082**	**4,726,250**
Investing Activities			
Purchase of property, plant and equipment		(333,051)	(244,773)
Purchase of investment through OCI		(1,063,337)	-
Proceeds from sale of investment properties		14,653,874	865,858
Investment income received		231,689	128,386
Net cash flows generated from investing activities		**13,489,175**	**749,471**
Financing Activities			
Paid for loans and bank facilities		(9,498,742)	(516,985)
Finance cost paid		(6,627,964)	(4,085,641)
Payment of lease liabilities		(20,400)	(24,642)
Paid for purchase of treasury shares		(207,615)	-
proceeds from sale of treasury shares		41,186	-
Net cash flows used in financing activities		**(16,313,535)**	**(4,627,268)**
Net change in cash and cash equivalents		**428,722**	**848,453**
Foreign currency translation adjustments		(112,844)	(99,228)
Cash and Cash equivalents at the beginning of the year	9	1,723,237	974,012
Cash and Cash equivalents at the end of the year	9	**2,039,115**	**1,723,237**

The attached notes 1 to 29 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Al-Arabiya Real Estate Company K.S.C.P. the "Parent Company" was established in the State of Kuwait on 21 September 1976 and is listed in Boursa Kuwait.

The head office of the Parent Company is located at Sharq, Ahmed Al-Jaber St., Emad Commercial Center, State of Kuwait. The main objectives of the Parent Company are:

- Carrying out various real estate commercial activities including procurement, sale of investments in lands and properties, managing properties for others, undertaking contracting activities and trading in all materials related to construction or required for it.
- Setting up commercial markets, tourism, sport and entertainment facilities.
- Constructing, acquiring and managing hotels and its tourism activities.
- Managing real estate portfolios for the Parent Company only and investment in the shares and projects of other companies whose activities are similar to the Parent Company's activities, establish and manage real estate investment funds only, and use the available financial surplus of the Parent Company for investment in financial and real estate portfolios managed by specialized companies.

The Parent Company is a subsidiary of Bukhamseen Group Holding Company K.S.C. (Holding) (the "Ultimate Parent Company").

These consolidated financial statements include the financial statements of the Parent Company and its wholly owned subsidiary and Hotel (together referred to as "the Group") as follows:

	Incorporation country	Activity	Legal entity	Ownership (%) 31 December 2023	Ownership (%) 31 December 2022
Holiday Inn Hotel	Kuwait	Services	Hotel	100	100
AREC Properties Company Limited	UAE	Real estate	L.L.C.	100	100

The consolidated financial statements for the year ended 31 December 2022 have been approved by the shareholders of the Parent Company in their annual general assembly meeting ("AGM") held on 12 April 2023.

The consolidated financial statements of the Parent Company for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 24 March 2024. The shareholders of the Group have the power to amend these consolidated financial statements in the General Assembly Meeting.

2 GOING CONCERN

The Board of directors of the parent company have, at the time of approving the consolidated financial statements, a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future in addition to meet its obligations when they fall due (refer to note 25.2). Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS accounting standards)issued by the International Accounting Standards Board ("IASB") , under the historical cost convention as modified for the revaluation at fair value of financial assets at fair value through other comprehensive income and investment properties.

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

3.2 New and revised accounting standards

3.2.1 Effective for the current year

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

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies – The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material' accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.
- Amendments to IAS 8 - The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.
- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary exception from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. Following the amendments, an entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

3.2.2 Standards issued but not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 1 – Current and Non-current liabilities	Classification of liabilities as current or non-current: The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1 January 2024
Non-current liabilities with covenants	Non-current liabilities with covenants - The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).	
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

Amendment to IFRS 16 – Leases on sale and leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.	1 January 2024
IFRS S1 – General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from the regulator
IFRS S2 – Climate-related disclosures	This standard sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024 subject to endorsement from the regulator
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)

3.3 Summary of material accounting policies

3.3.1 Basis of Consolidation

Subsidiaries

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

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

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

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

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

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

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

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

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

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

Where applicable, adjustments are made to bring the accounting policies of the subsidiary in line with those of the Group. The difference in reporting date of the subsidiary and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

Business combinations

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

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

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

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

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

Goodwill

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

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

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

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

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

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

3.3.2 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 service to a customer. The Group follows a 5-step process:

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

Revenue is recognised either at 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 contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or receivable, if any, in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

3.3.3 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan in an associate or a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as assets held for sale continues to be accounted for using the equity method.

3.3.4 Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the Board of Directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58/2007.

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

3.3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost of an item of equipment comprises of its acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Hotels' buildings	40
Furniture and fixtures	3-10
Vehicles	3
Right-of-use assets	5

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

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets are written down to their recoverable amounts and the impairment loss is recognised in the consolidated statement of income.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

3.3.6 Investment properties

Investment properties comprise properties under development and developed properties that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include professional fees for legal services, commissions and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Transfers are made to or from investment properties 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 transfer. 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.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property would result in either gains or losses on the retirement or disposal of the investment property. Any gains or losses are recognised in the consolidated statement of income in the period of derecognition.

3.3.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount or CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining

fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income.

3.3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Group's policy as described under "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction *price determined under*

IFRS 15.

The Group's financial assets includes trade and other receivables, cash and cash equivalents and financial assets at fair value through other comprehensive income.

Under IFRS 9, the Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The information considered includes:

The stated policies and objectives for the financial assets and the operation of those policies in practice;

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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

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

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs, as well as, a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement

The Group has performed an assessment of its financial assets, being trade and other receivables and cash and cash equivalents. The Group has concluded that these are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for measurement under the amortized cost method. Accordingly, there is no change in the classification of these instruments.

The subsequent measurement of trade and other receivables will be at undiscounted original invoiced amount or the transaction price less any accumulated expected credit losses.

Financial assets carried at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity instruments as investments at FVOCI if they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading neither nor contingent consideration recognized by the Group in a business combination. Such classification is determined on an instrument by instrument basis.

Equity instruments at FVOCI initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of consolidated statement of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividend income are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in other comprehensive income. Equity instruments at FVOCI are not subject to impairment assessment.

Derecognition

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

- The rights to receive cash flows from the asset 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 the risks and rewards of the asset, but has transferred control of the asset.

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 of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group's accounting for impairment losses for financial assets is based on a forward-looking expected credit loss (ECL) approach.

Determination of ECL on trade and other receivables and cash and cash equivalents

With respect to trade and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses as the simplified approach does not require the changes in credit risk to be tracked. 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 receivables and the Group's economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group does not determine ECLs on cash and cash equivalents as these are considered to be of low risk and the Group does not expect to incur any credit losses on these instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include loans and bank facilities, and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

loans and bank facilities

After initial recognition, loans and bank facilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of income.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

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.

3.3.10 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment in the consolidated statement of financial position is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the Group's share of the results of the associate's operations. Where there is a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. In addition, when there is a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group and in case of different reporting date of associate, which are not more than three months, from the date of the Group's consolidated financial statements, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

3.3.11 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, cash in investment portfolios and bank deposits.

3.3.12 Employees' end of service benefits

The Group provides end of service benefits to all 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. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to Public Authority 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.

3.3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.3.14 Treasury shares

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

3.3.15 Foreign currencies translation

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

Group companies

As at the reporting date, the assets and liabilities of foreign subsidiaries, and the carrying amount of foreign associate are translated into the Parent Company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the reporting date, and their statement of income are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken to the consolidated statement of comprehensive income as foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

3.3.16 Finance costs

Finance costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other finance costs are recognised as expenses in the period in which they are incurred.

3.3.17 Contingencies

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.

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

3.3.18 Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

3.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the amount of the asset or liability affected in future periods.

Estimates and assumptions

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

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Fair value measurement and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for preparing the consolidated financial statements. The Group's management determines the appropriate key methods and inputs required for the fair value's measurement. Upon determining the fair value of assets and liabilities, the management uses an observable market data. In case no market observable data is available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, has been disclosed in Note 5 and Note 27.

Expected credit loss (ECL) measurement

The Group always recognises lifetime ECL for trade receivables which generally do not have a significant financing component. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a trade receivables.

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date. Note 8 shows the impact of this on the consolidated financial statements of the Group.

Judgement

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

Properties classification

Management takes the decision on the acquisition of property whether it should be classified as held for trading, property under development or investment property. Such provisions on acquisition will determine later whether these properties will be measured subsequently at the lower of cost less impairment, at cost or realizable value, or at fair value, and whether changes in the fair value of these properties will be recorded in the consolidated statements of income or other comprehensive income.

The Group classifies the properties as follows:

- Property held for trading: if it is acquired principally for sale in the ordinary business activity.
- Property under development: If it is acquired with the intention of development.
- Investment property: if it is acquired for rental income, for capital appreciation, or for undetermined future use.

Classification of investments

Classification of investments is based on management's intention at acquisition and requires considerable judgment.

Contingent liabilities/liabilities

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

4 PROPERTY, PLANT AND EQUIPMENT

	Hotel lands	Hotel buildings	Furniture and fixtures	Vehicles	Right-of-use assets	Total
As at 1 January 2022	**2,639,460**	**28,991,187**	**2,236,402**	**101,245**	**229,927**	**34,198,221**
Additions	-	-	228,709	16,064	-	244,773
As at 31 December 2022	**2,639,460**	**28,991,187**	**2,465,111**	**117,309**	**229,927**	**34,442,994**
Additions	-	-	333,051	-	-	333,051
Disposals	-	-	-	-	(229,927)	(229,927)
As at 31 December 2023	**2,639,460**	**28,991,187**	**2,798,162**	**117,309**	**-**	**34,546,118**
Depreciation and impairment:						
As at 1 January 2022	**661,540**	**16,800,768**	**1,335,829**	**101,244**	110,705	19,010,086
Depreciation	-	454,108	207,645	1,268	34,064	697,085
As at 31 December 2022	**661,540**	**17,254,876**	**1,543,474**	**102,512**	**144,769**	**19,707,171**
Depreciation	-	454,108	208,177	5,301	25,549	693,135
Disposals	-	-	-	-	(170,318)	(170,318)
As at 31 December 2023	**661,540**	**17,708,984**	**1,751,651**	**107,813**	**-**	**20,229,988**
Net book value:						
As at 31 December 2023	**1,977,920**	**11,282,203**	**1,046,511**	**9,496**	**-**	**14,316,130**
As at 31 December 2022	**1,977,920**	**11,736,311**	**921,637**	**14,797**	**85,158**	**14,735,823**

Hotel lands and buildings with a net carrying value of KD 13,260,123 as of 31 December 2023 (KD 13,714,231 as at 31 December 2022) are pledged against loans and bank facilities (Note 15).

5 INVESTMENT PROPERTIES

	31 December 2023	31 December 2022
Properties inside Kuwait	73,300,000	74,020,000
Properties outside Kuwait	19,161,398	35,554,582
	92,461,398	109,574,582

Movement on investment properties are as follows: -

	2023	2022
Balance as of 1 January	109,574,582	106,332,647
Disposals	(18,996,072)	(689,349)
Unrealized gain from valuation	1,846,510	3,486,780
Foreign currency translation	36,378	444,504
Balance as at 31 December	92,461,398	109,574,582

- Investment properties amounting to KD 73,300,000 (2022: KD 82,858,513) are pledged against loans and bank facilities granted to the Group (Note 15).
- During the current year, Investment properties outside of Kuwait has been sold with a carrying value of KD 17,476,072 (KD 689,349 as at 31 December 2022) which resulted in gain from sale amounted to KD1,170,567 (KD 176,509 as at 31 December 2022). Receivable recorded from such sales amount to KD 3,581,018 as at 31 December 2023 (Nil as at 31 December 2022).

- During the current year, the Group had signed initial agreements to sell properties outside of Kuwait with a carrying value amounted to KD 1,403,433 (KD 2,161,747 as at 31 December 2022) accordingly advance amounted to KD 417,803 has been collected and recorded as payable as of 31 Dec 2023 (KD 2,161,747 as at 31 December 2022). (Note 16), the sales of such properties is expected to be recognized upon the satisfaction of the performance obligation and the buyer obtain control over the properties
- During the current year local property has been sold with carrying value of KD 1,520,000 and gain from sale with an amount KD 230,000 has been recognized in the consolidated statement of income for the year ended 31 December 2023
- The fair value of investment properties located in Kuwait of KD 73,300,000 as of 31 December 2023 (2022: KD 74,020,000) has been determined based on valuations obtained from two professional real estate valuers, who are specialized in valuing such type of investment properties. One of these valuers is a local bank and the other is a local reputable accredited valuer. For accounting purpose, the Group has selected the lower of these two valuations as required by the Capital Markets Authority (CMA). The valuers have used income capitalization approach, which is used for valuating developed properties generating rental income assuming full capacity of the property.
- The fair value of investment properties located outside Kuwait amounting to KD 19,161,398 as at 31 December 2023 (KD 35,554,582 as at 31 December 2022) has been determined based on valuation performed by an independent expert. The valuer used the market comparable approach. Under the market comparable approach, a property fair value is estimated based on comparable transactions. The market comparable approach is based upon the principal substitution under which a potential buyer will not pay more for the property than it will cost to buy comparable substitute property. The unit of comparison applied by the Group is the price per square meter.

The following is fair value hierarchy disclosures for classes of investment properties is as at 31 December:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	*Significant observable inputs (Level 2)*	*Significant unobservabl e inputs (Level 3)*	*Total*
2023	-	19,161,398	73,300,000	92,461,398
2022	-	35,554,582	74,020,000	109,574,582

During 2023, there were no transfers between level 1 and level 2 fair value measurements and no transfer into and out of level 3 fair value measurements.

The movement in Level 3 fair value hierarchy during the year is given below:

	2023	2022
Balance as at 1 January	74,020,000	70,810,000
Disposal	(1,520,000)	-
Change in Fair value	800,000	3,210,000
Balance as at 31 December	73,300,000	74,020,000

The significant assumptions used in the valuations are set out below:

	31 December 2023	31 December 2022
Average monthly rent (per sqm) (KD)	12.29	12.92
Capitalization rate	7.22%	7.24%
Occupancy rate	100%	100%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	31 December 2023	31 December 2022
Average rent	+/- 5%	3,658,383	3,625,000
Capitalization rate	+/- 5%	3,490,437	3,524,762
Occupancy rate	- 5%	(3,664,959)	(3,701,000)

6 INVESTMENT IN AN ASSOCIATE

	Percentage of Ownership (%)	31 December 2023	31 December 2022 (Restated – Note 28)	1 January 2022 (Restated – Note 28)
Sharm Dreams for Real Estate Development Company (S.A.E)	17.90%	439,250	566,784	848,514

Following is the movement of the investment in an associate:

	31 December 2023	31 December 2022 (Restated – Note 28)
Balance as at 1 January (as previously stated)	-	-
Prior years restatements (Note 28)	566,784	848,514
Balance as at 1 January (Restated)	566,784	848,514
Foreign currency translation differences	(116,534)	(281,730)
Group's share of result	(11,000)	-
Balance as at 31 December	439,250	566,784

During 2021, the Group signed a contract to sell the full stake 21.8% of investment in the associate. The contract has to be executed in phases, accordingly the Group transferred investment in associate balance to assets held for sale. Foreign currency translation reserve related to this investment amounting to KD 1,337,708 has been presented separately in equity as per requirements of IFRS5.Subsequently, and during 2021 a stake of 3.8 % has been transferred to the buyer and the remaining share continue in the name of the group.

Since the buyer did not commit to transferring the full sale consideration in accordance with the sale contract, the group did not transfer the ownership title deed of the remaining stakes to the buyer. Therefore, it was decided to cease the implementation of the contract. Accordingly, the group ceased applying the requirement of IFRS 5 for such investment, accordingly the group accounted for such investment using the equity method retrospectivity (Note 28).

The group believe that the group still has significant influence over the associate taking into consideration that the group has representation in the board of directors' of the associate.

Share of associate is unquoted as of 31 December 2023 and 2022.

Share of result from associate has been recorded based on The associate management account as of 31 December 2023 (audited financial statement for the year ended 31 December 2022)

Following is the movement of the asset classified as held for sale :-

	31 December 2023	31 December 2022 (Restated)	1 January 2022
Opening balance (As previously restated)	848,514	848,514	848,514
Prior years restatement	(848,514)	(848,514)	(848,514)
Ending balance (Restated)	-	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
Quoted shares	7,636,601	8,704,491
Unquoted shares	1,199,557	1,275,359
	8,836,158	9,979,850

- The balance represents shares in other companies whose activities are not similar to the Parent Company's activities amounting to KD 8,836,158 (2022: KD 9,979,850).
- Financial assets at fair value through other comprehensive income amounting to KD 5,961,580(2022: KD 6,794,755) are pledged against loans and bank facilities (Note 15).
- Certain financial assets at fair value through other comprehensive income amounting to KD 36,704 (2022: KD 46,188) are registered in the name of nominee on behalf of the Group. The nominees have confirmed in writing that the Group is the beneficial owner of the investments.

8 TRADE AND OTHER RECEIVABLES

	2023	2022
Non-Current		
Receivables from selling investment proprieties	1,197,853	-
Current		
Compensation receivable	10,057,080	10,057,080
Trade Receivables	1,610,921	1,473,774
Receivables from selling investment proprieties (Note 5)	2,383,165	-
Advance payment for purchasing of investment properties	626,545	626,545
Net assets of unconsolidated hotel	308,194	308,194
Prepaid expenses	65,264	38,699
Advance payments to contractors	114,832	98,025
Staff receivables	6,759	4,559
Due from related parties (Note 23)	68,002	497,352
Other	634,595	623,912
	15,875,357	13,728,140
Expected credit losses (other than compensation receivables)	(12,253,191)	(12,066,965)
	3,622,166	1,661,175
	4,820,019	1,661,175

Following is the movement in provision for expected credit losses:

	2023	2022
Balance as of 1 January	12,066,965	12,091,234
provided /(Reversal) for the year	186,226	(24,269)
Balance as at 31 December	12,253,191	12,066,965

9 CASH AND CASH EQUIVALENTS

	2023	2022
Cash on hand	14,035	14,030
Bank balances	442,220	1,293,277
Fixed deposits	1,582,860	415,930
	2,039,115	1,723,237

10 SHARE CAPITAL

During the current year the parent company extraordinary general assembly meeting has been held on 19 April 2023 and approved reduction of authorized, issued and paid up capital from KD 50,984,499 distributed over 509,844,986 shares of 100 Fills to KD 36,920,973 distributed over 369,209,730 shares of 100 fills each (note 29). This reduction has been registered on commercial register on 4 May 2023 .

11 TREASURY SHARES

	31 December 2023	31 December 2022
Number of shares (share)	6,625,273	4,619,962
Cost of treasury shares (KD)	826,786	714,784
Percentage to issued shares (%)	1.79	0.91
Market value	445,218	115,499

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

During the current year, treasury shares number of 1,270,802 shares decreased due to the decrease of capital (note 29).

12 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before contribution to KFAS, NLST, Zakat and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

13 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before contribution to KFAS, NLST, Zakat and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. The board of director of the parent company has been held on 24 March 2024 and propose no transfer to the voluntary reserve.

14 OTHER RESERVES

	Treasury shares reserve	Cumulative change in fair values reserve	Foreign currency translation reserve	Total
Balance as at 1 Jan 2022 (As previously stated)	1,098,372	499,786	339,665	1,937,823
Prior years restatement	-	-	(1,351,998)	(1,351,998)
Balance as at 1 January 2022 (Restated)	1,098,372	499,786	(1,012,333)	585,825
Change in fair value of financial assets at fair value through other comprehensive income	-	77,200	-	77,200
Foreign currency translation	-	-	63,546	63,546
Other comprehensive income for the year	-	77,200	63,546	140,746
Balance as at 31 December 2022	1,098,372	576,986	(948,787)	726,571
Balance as at 1 January 2023 (As previously stated)	1,098,372	576,986	684,941	2,360,299
Prior year restatements (Note 28)	-	-	(1,633,728)	(1,633,728)
Balance as at 1 January 2023 (Restated)	1,098,372	576,986	(948,787)	726,571
Change in fair value of financial assets at fair value through other comprehensive income	-	(2,207,030)	-	(2,207,030)
Foreign currency translation	-	-	(192,997)	(192,997)
Other Comprehensive loss for the year		(2,207,030)	(192,997)	(2,400,027)
Sale of treasury shares	(54,427)	-	-	(54,427)
Balance as at 31 December 2023	1,043,945	(1,630,044)	(1,141,784)	(1,727,883)

15 LOANS AND BANK FACILITIES

	2023	2022
Current Portion		
Bank overdraft	237,989	420,578
Loan from a commercial bank in Kuwait	69,987,723	26,926,300
Loan from local company in Kuwait	339,233	334,524
Loan from a UAE Bank (due)	11,160,565	11,015,592
Loan from a UAE Bank	-	415,417
	81,725,510	39,112,411
Non - current Portion		
Loan from a commercial bank in Kuwait	-	47,500,000
Loan from a UAE Bank	-	6,036,554
	-	53,536,554
	81,725,510	92,648,965

15.1 During the current year, the group defaulted in the payment of the loan installment amount to KD 20.1 million to a Kuwaiti bank, according to the cross-default term to the loan agreement the entire loan balance with an amount of KD 70,099,583 has become past due. Subsequent to the financial statement date, the Group has signed reschedule agreement with the bank. According to this agreement the group has to pay the loan during a period of three years.

15.2 Loans include accrued finance cost of KD 1,546,166 as of 31 December 2023 (KD 3,440,263 as of 31 December 2022).

15.3 During previous years, loan instalments and related finance costs of a UAE bank were past due and unpaid. The bank filed a legal case against the Parent Company during the year ended 31 December 2012. During the fourth quarter of 2019, Sharjah Court issued the appeal judgement which obligate the Group to pay an amount of AED 115 Million (approximately KD 9.7 Million as at 31 December 2023) and transfer the title deed of the hotel to the bank, in addition to payment of legal interest of 5% per annum from the date of the lawsuit was filled till settlement date. The Group recognized legal interests due for the period from the date of the lawsuit was filed till 31 December 2023, by approximately KD 1.6 Million as at 31 December 2023 (KD 1.4 million as at 31 December 2022) and the hotel title deed was transferred to the bank during prior years.

Subsequent to the financial statement date, The group has signed settlement agreement with the bank, according to such agreement, the group has to pay an amount of AED 75 Million equivalent to KD 6,248,130 during a period of 90 days from the agreement date and according to terms of such agreement ,the group will be waived from paying AED 40.2 Million equivalent to KD 4,903,026 Upon complying with all the settlement agreement.

15.4 Loan amounting to KD 339,233 as at 31 December 2023 (31 December 2022: KD 334,524) were obtained from a local Company which is a related party (Note 23).

15.5 During the current year, the group settled in full a loan granted from UAE bank by KD 6,832,232 .

15.6 Loans are granted to the Group against pledge of the following assets:

	2023	2022
Property, plant and equipment (Note 4)	13,260,123	13,714,231
Investment properties (Note 5)	73,300,000	82,858,513
Financial assets at fair value through other comprehensive income (Note 7)	5,961,580	6,794,755
	92,521,703	103,367,499

16 TRADE AND OTHER PAYABLES

	2023	2022
Advances from sale of investment property (Note 5)*	417,803	2,161,747
Provision for claims**	64,391	1,172,854
Trade payables	658,237	466,072
Due to related parties (Note 23)	30,664	604,579
Dividends payables***	-	993,957
Accrued expenses and leaves	329,843	618,329
Refundable deposits	941,694	881,001
Customer advance payments	510,568	517,649
Lease liabilities	288,148	364,185
Kuwait Foundation for the Advancement of Science	80,789	55,070
National Labor Support Tax	97,000	80,037
Zakat payable	31,668	24,887
Other payables	282,199	384,363
	3,733,004	8,324,730

* The Group collected an amount of KD 417,803 as advance as at 31 December 2023 (KD 2,161,747 as at 31 December 2022) from selling investment properties outside Kuwait (note 5).

**Provision of claims amounted to KD 1,037,394 was reversed during the current year, taken into consideration legal consultant opinion.

***During the current year, the Management of the Parent Company wrote off dividends payable to previous shareholders amounting to KD 993,957 in the Consolidated Statement of Income due to abandoning of the right to claim thereof based on advice of the Group's external legal consultant.

17 INVESTMENT INCOME

	2023	2022
Dividends income	133,557	128,386
Gain on sale rights issue	98,132	-
	231,689	128,386

18 OTHER INCOME

	2023	2022
Closed dividends payable (Note 16)	993,957	-
Other income	321,208	186,431
	1,315,165	186,431

19 STAFF COSTS

	2023	2022
Salaries, wages and bonuses	266,571	219,473
End of service benefits and leaves	88,378	55,971
Others	1,692	7,256
	356,641	282,700

20 OTHER EXPENSES

	2023	2022
Water and electricity	459,305	334,303
Professional fees and consulting	260,473	738,539
Legal expenses	24,262	58,756
Insurance	6,454	7,150
Maintenance	160,355	35,321
Subscriptions	76,615	70,944
Others	185,823	433,297
	1,173,287	1,678,310

21 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Parent Company did not have any diluted shares as at 31 December 2023.

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

	2023	2022
Profit for the year (KD)	2,766,670	2,060,575
Weighted average number of ordinary outstanding shares (share)	365,170,830	365,860,570
Profit per share (Fils)	7.58	5.63

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The earning per share for current and pervious year was adjusted taking in to consideration the extraordinary general assembly decision to decrease the issued and paid up capital to amortize to accumulated loss (note 29)

22 SEGMENT INFORMATION

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

The management of the Group assessed the Group into three key business units; real estate commercial activities such as purchase and sale of lands and properties and investing them and acquiring and managing hotels and its tourism activities. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The activities segments of the Group, which are presented to the management, are represented in the following:

- Real estate segment: which represents all activities related to real estate including investment properties.
- Hotels segment: which represents all activities related to establishment, acquiring and managing hotels.
- Investment segment: which represents all activities related to investing in shares and share capital of the companies.

The above segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation The following table presents the information about net revenues, costs, (loss) profits, assets and liabilities for each segment:

			2023		
	Real estate segment	Hotels Segment	Investment Segment	Unallocated items	Total
Revenues	7,635,712	4,567,862	231,689	1,304,165	13,739,428
Costs	(827,858)	(4,120,769)	-	(816,908)	(5,765,535)
Finance costs	(4,894,789)	-	(312,434)	-	(5,207,223)
Net profit / (loss)	1,913,065	447,093	(80,745)	487,257	2,766,670
Assets	92,461,398	14,059,420	9,275,408	7,115,844	122,912,070
Liabilities	68,129,505	12,429,011	4,205,975	1,014,605	85,779,096
			2022 (Restated – Note 28)		
	Real estate segment	Hotels Segment	Investment Segment	Unallocated items	Total
Revenues	8,501,206	4,514,597	128,386	186,431	13,330,620
Costs	(820,240)	(4,231,815)	-	(2,132,349)	(7,184,404)
Finance costs	(3,770,505)	-	(315,136)	-	(4,085,641)
Net profit / (loss)	3,910,461	282,782	(186,750)	(1,945,918)	2,060,575
Assets	109,574,582	15,436,672	10,546,634	2,683,563	138,241,451
Liabilities	81,968,192	12,383,996	2,025,422	4,931,081	101,308,691

Geographical distribution of revenues and assets is:

	2023		2022 (Restated – Note 28)	
	Revenues	Assets	Revenues	Assets
State of Kuwait	9,227,672	97,782,187	11,537,642	98,131,089
United Arab Emirates	4,511,756	24,690,633	1,792,978	36,962,729
Arab Republic of Egypt	-	439,250	-	3,147,633
	13,739,428	122,912,070	13,330,620	138,241,451

23 TRANSACTIONS WITH RELATED PARTIES

These represent transactions with certain parties (major shareholders, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence) entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Group's management, and board of directors.

The following is the statement of such transactions and balances:

	2023	2022
Transactions		
Finance costs	4,000	4,000
Marketing contribution - Included in expenses of hotel	36,411	35,241
Reservation contribution - Included in expenses of hotel	18,206	17,621
Royalty Fees - Included in expenses of hotel	6,804	14,002
Consultation fee - Included in expenses of hotel	42,000	42,000
General and administrative expense - Included in expenses of hotel	24,100	19,211
Holidex fees - Included in expenses of hotel	13,677	13,158
Commission expenses	23,282	32,854
Assets management fees	182,714	66,405
Rental income	67,740	52,979

Balances with related parties included in the consolidated statement of financial position are as follows:

	2023	2022
Balances		
Due from related parties (Note 8)	68,002	497,352
Due to related parties (Note 16) *	30,664	604,579
Loans and facilities (Note 15)	339,233	334,524

* Due from related parties includes an amount due from Ultimate Parent Company KD 512,758 (2022: KD 492,872) which carries an interest of Nil%.

Compensation of key management personnel

The remuneration of members of key management during the year were as follows:

	2023	2022
Salaries and remunerations	216,000	192,000
Employees' end of service benefits	3,462	3,462

24 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities

	2023	2022
Letters of Guarantee	48,138	24,591

25 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into interest rate risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process. The Board of Directors are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

25.1 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. Management of the Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

The Group seeks to limit its credit risk with respect to tenants of its investment properties by monitoring outstanding receivables. The Group limits credit risk with regard to its bank balances by only dealing with reputable banks.

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

	2023	2022
Cash and cash equivalents (excluding cash in hand)	2,025,080	1,709,207
Trade and other receivable (excluding prepaid expenses and advance payments to contractors)	4,639,923	1,524,451
	6,665,003	3,233,658

With respect to credit risk arising from the other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The following table details the risk profile of trade and other receivables based on the Group's provision risk matrix. As the Group's historical credit loss experience does not show significantly different loss patterns from different customers segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	31 December 2023			31 December 2022 (Restated – Note 28)		
Aging brackets of trade and other receivables	**Estimated total gross carrying amount at default**	**Expected credit loss rate**	**Lifetime ECL KD**	**Estimated total gross carrying amount at default**	**Expected credit loss rate %**	**Lifetime ECL KD**
From 1 to 90 days	5,088,162	5%	268,143	2,309,597	34%	785,146
Above 90 days	11,985,048	100%	11,985,048	11,281,819	100%	11,281,819
	17,073,210		12,253,191	13,591,416		12,066,965

ECL allowance of the receivables other than cash and bank balances are collectively assessed.

Maximum exposure to credit risk

The Group's exposure to credit risk from bank balances, cash with a portfolio manager, fixed deposits and accounts receivable arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. The maximum exposure is the carrying amount as described in the consolidated statement of financial position:

25.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents, and readily marketable securities.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The table below summarizes the maturity profile of the Group's undiscounted financial liabilities as at 31 December based on contractual undiscounted repayment obligations:

	Within One Year	From One to two years	From Two to five years	More than five years	Total
2023					
Loans and bank facilities	81,725,510	-	-	-	81,725,510
Accounts payables and accruals	3,733,004	-	-	-	3,733,004
Total	85,458,514	-	-	-	85,458,514
2022					
Loans and bank facilities	39,112,411	51,557,825	780,836	1,197,893	92,648,965
Accounts payables and accruals	8,324,730	-	-	-	8,324,730
Total	47,437,141	51,557,825	780,836	1,197,893	100,973,695

The Group was unable to comply with the loan agreement in relation to the payment of a loan installment of a bank in Kuwait. According to the default clause contained in the loan contract, the group becamo delinquent in paying the entire loan, which resulted in current liabilities exceeding current assets by an amount of 79,797,233 Kuwaiti dinar (December 31, 2022: 44,052,729 Kuwaiti dinar). Subsequent to the date of the financial statements, the group has rescheduled its debts with banks (Note 15).

Based on management estimates, the group has sufficient resources to continue in operational existence for the foreseeable future, in addition to the repaying loans and financing interests when they fall due through operating cash flows, or by selling some of its properties based on their market values, as well as the possibility of rescheduling some loan installments when they become due.

25.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

25.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its term loan.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant:

	Increase in basis points	Effect on results for the year before taxes
2023	+100	(817,255)
2022	+100	(926,490)

25.3.2 Foreign currency risk

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

Currency risk is managed on the basis of limits determined by the Parent Company's Board of Directors and a continuous assessment of the Group's open positions and current and expected exchange rates movements. The Group does not engage in foreign exchange trading and does not use derivative financial instruments. Where necessary matches currency exposures inherent in certain assets with liabilities in the same or a correlated currency.

The Group had the following significant exposures denominated in foreign currencies as at 31 December:

	2023	2022 (Restated)
AED	(11,160,565)	(18,715,638)
USD	1,638,317	2,580,849
EGP	439,250	566,784

The following table demonstrates the sensitivity to a reasonably possible change in the AED and USD exchange rate against Kuwaiti dinar, with all other variables held constant, on the Group's loss and other comprehensive loss.

	2023			31 December 2022 (Restated – Note 28)		
	Change in currency rate %	Effect on Profit	Effect on equity	Change in currency rate %	Effect on Profit	Effect on equity
Currency						
AED	5%	558,028	-	5%	935,782	-
USD	5%	-	81,916	5%	-	129,042
EGP	5%	-	21,963	5%	-	28,339

25.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity financial assets. Equity price risk is managed by the management of the Group. The quoted equity price risk exposure arises from the Group's financial assets at fair value through other comprehensive income.

The effect on other comprehensive income (as a result of a change in the fair value of financial assets at fair value through other comprehensive income) on due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	31 December 2023		31 December 2022	
	Change in equity Price %	Effect on other comprehensiv e income	Change in equity Price %	Effect on other comprehensiv e income
Market indices				
Kuwait	+5	299,914	+5	306,203
Others	+5	81,916	+5	129,021

26 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2023.

Capital comprises share capital, share premium, treasury shares, statutory reserve, voluntary reserve, other reserve and accumulated losses.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt The Group includes within net debt, loans and bank facilities, trade and other payable, less cash and cash equivalents. Total equity includes share capital, share premium, treasury shares, statutory reserve, voluntary reserve, other reserves and accumulated losses.

The Group monitors capital on the basis of the gearing ratio and is calculated as net debt divided by sum of net debt and equity as follows:

	31 December 2023	31 December 2022 (Restated)
Loans and banks facilities (Note 15)	81,725,510	92,648,965
Less: cash and cash equivalents (Note 9)	(2,039,115)	(1,723,237)
Net debt	79,686,395	90,925,728
Total equity	37,132,974	36,932,760
Total equity and net debt	116,819,369	127,858,488
Gearing ratio (%)	68%	71%

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities as defined in Note 3.4.

For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to variable rate financial instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value
- measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2023	Level 1	Level 3	Total
Financial assets at fair value through other comprehensive income:			
Quoted securities	7,636,601	-	7,636,601
Unquoted securities	-	1,199,557	1,199,557
	7,636,601	1,199,557	8,836,158

31 December 2022	Level 1	Level 3	Total
Financial assets at fair value through other comprehensive income:			
Quoted securities	8,704,491	-	8,704,491
Unquoted securities	-	1,275,359	1,275,359
	8,704,491	1,275,359	9,979,850

During the year ended 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The movement in Level 3 fair value hierarchy during the year is given below:

	As at 1 January	Unrealised gain (loss) recorded in equity	As at 31 December
2023	1,275,359	(75,802)	1,199,557
2022	1,479,073	(203,714)	1,275,359

28 PRIOR YEARS RESTATEMENTS

The group investment in an associate has previously classified as held for sale no longer meet the criteria to be classified as held for sale as per the requirement of IFRS 5 (Note 6) accordingly the group accounted for such investment using the equity method retrospectively from the date of its classification as held of sale as per the requirements of IFRS

Impact on the Consolidated Statement of Financial Position as at 1 January 2022 and 31 Dec 2022 is shown below

	As Previously Stated	Prior Years Restatements	Restated
1 January 2022			
Investment in associate	-	848,514	848,514
Total non-current assets	**131,423,432**	**848,514**	**132,271,946**
Assets held of sale	848,514	(848,514)	-
Other reserves	1,937,823	(1,351,998)	585,825
Amount recognized in equity related to assets held for sale	1,351,998	(1,351,998)	-
As at 31December 2022			
Investment in associate	-	566,784	566,784
Total non-current assets	**134,290,255**	**566,784**	**134,857,039**
Assets held of sale	848,514	(848,514)	-
Other reserves	2,360,229	(1,633,658)	726,571
Amount recognized in equity related to assets held for sale	(1,351,998)	1,351,998	-
Total Equity	**37,214,490**	**(281,730)**	**36,932,760**

Impact on the Consolidated Statement of comprehensive Income for the year ended 31 December 2022

	As Previously Stated	Prior Years Restatements	Restated
Foreign currency translation	345,276	(281,730)	63,546
Total other comprehensive income	**422,476**	**(281,730)**	**140,746**
Total comprehensive income / (loss) for the year	**2,483,051**	(281,730)	**2,201,321**

The above-mentioned restatement has no impact on the consolidated income statement, consolidated statement of cash flows and earnings per share for the years ended 31 December 2022.

29 BOARD OF DIRECTORS' AND GENERAL ASSEMBLY MEEETING DECISION.

During the current year the general assembly meeting of the parent company has been held on 12 April 2023 and approved the consolidated financial statements for the year ended 2022.

The extraordinary general assembly meeting of the parent company has been held on 19 April 2023 and decided to amortize the accumulated losses of KD 19,309,838 as of 31 Dec 2022 as follows:

- An amount of KD 174,732 using voluntary reserve.
- An amount of KD 4,744,392 using statutory reserve.
- An amount of KD 327,188 using share premium.
- An amount of KD 14,063,526 using share capital (Distributed over 140,635,257 shares).

Board of Directors of the Parent Company held its meeting on 24 March 2024 and the Consolidated Financial Statements for the year ended 31 December 2023 was approved and also proposed a cash dividend of 3 fills per share and bonus share of 2%. This proposal is subject to approval of the General Assembly of Shareholders.