AL MASSALEH REAL ESTATE K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH
INDEPENDENT AUDITOR'S REPORT

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STATE OF KUWAIT

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CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al Massaleh Real Estate K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Al Massaleh Real Estate K.S.C.P. ("the Parent Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including the material accounting policies information.

In our opinion, except for any possible effects of the matters described in the Basis for "Qualified Opinion section in our report", the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

- The consolidated financial statements for the year ended December 31, 2023, include the financial statements of the subsidiaries (Al Massaleh Gulf Limited and its subsidiaries), (Saifi Crown Holding S.A.L. (Closed)) and (Saifi Crown S.A.L.) which represent their total assets and liabilities, 1.7% and 8.1%, respectively, of the consolidated totals. The financial statements of the subsidiaries for the year also included a loss in the amount of KD 1,549,525 (2022 - financial statements of the subsidiaries (Polygon Real Estate Services Company K.S.C.). (Closed) and its subsidiaries), (Al Massaleh Gulf Limited and its subsidiaries), and (Phoenix International Holding Limited - a private company limited by shares), whose total assets and liabilities represent 17.8% and 24.9%, respectively, of the consolidated totals for the comparison year). The financial statements of the subsidiaries for the comparison year also included a loss in the amount of KD 595,145.The balances and amounts of these subsidiaries have been included in the Group's consolidated financial statements based on management accounts prepared by the management of these subsidiaries. We were unable to verify the balances, transactions and disclosures included in the financial statements of these subsidiaries, because we were unable to obtain the audited financial statements, nor to have access to the management and auditors of these subsidiaries. Accordingly, we were unable to determine whether any adjustments may be necessary in respect of this matter to the accompanying consolidated financial statements.

- The consolidated financial statements for the year ended December 31, 2023 include the financial information of the associates (Venus International Company E.S.C.) and (CAFI Commodity and Freight Integrators D.M.C.C.). These associates are accounted for using equity method based on management accounts prepared by the management of these associates. They have been included in the statement of financial position by an amount of KD 4,379,216 (2022: KD 4,007,058). Further, the share of results from those associates amounted to KD 294,285 for the year ended December 31, 2023 (2022: KD 425,215). Those associates are accounted for in the consolidated financial statements of the Group using equity method based on management accounts prepared by the management of these associates. We were unable to verify the balances, transactions and disclosures included in the management accounts of these associates, because we were unable to obtain the audited financial statements, nor to have access to the management and auditors of these associates. Accordingly, we were unable to determine whether any adjustments that may be necessary in respect of this matter to the accompanying consolidated financial statements.

- The consolidated financial statements for the year ended December 31, 2023 include gain on disposal of discontinued operations amounting to KD 923,630 (Note 7) of Gemxija Crown Limited Company (a subsidiary of Polygon Real Estate Services Company K.S.C.C). We were unable to obtain sufficient appropriate audit evidence with respect to account for gain on disposal of these discontinued operations. Accordingly, we were unable to determine whether any adjustments that may be necessary in respect of this matter to the accompanying consolidated financial statements.

- The consolidated financial statements as of December 31, 2023 include a balance due from one of the associated companies in the amount of KD 284,248. We were unable to obtain sufficient appropriate audit evidence to verify the existence, completeness and accuracy of this balance as we were unable to obtain its confirmation as of December 31, 2023, nor were we able to obtain an assurance over this balance as of that date using other alternative procedures. Accordingly, we were unable to determine whether any adjustments that may be necessary in respect of this matter to the accompanying consolidated financial statements.

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

Material Uncertainty Related to Ongoing Concern

We draw attention to Note (31) to the consolidated financial statements which indicates that the Group's losses amounted to KD 7,241,710, that the Group's accumulated losses amounted to KD 16,499,668 as at December 31, 2023 (2022: KD 12,162,406) and that the Group's current liabilities exceeded its current assets by KD 1,329,336.These events indicate that a significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matters described in the Basis for "Qualified Opinion section", in our report, for each matter below, our description of how our audit addressed the matter is provided in that context.

Impairment of investment properties

The Groups' assets include properties classified as investment properties with a net book value of KD 66,950,881 as of December 31, 2023 (2022: KD 58,367,655), which represents a significant part of the Group's total assets. Investment properties are accounted for at cost less accumulated depreciation and impairment losses.

Assessing the impairment losses of these properties represents a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the assessment of impairment losses of these assets as a key audit matter. The fair value of these properties is determined by two licensed appraisers on an annual basis. These valuations, amongst others, are based on assumptions, such as estimating rental revenue, discount rates, occupancy rates, market knowledge and historical transactions.

For assessing the impairment losses of these properties, appraisers used valuation techniques such as income capitalization and market comparable approach, taking into consideration the nature and usage of these properties. We have reviewed the valuation reports from the licensed appraisers on sample basis. We further focused on the adequacy of the disclosures regarding the valuation of these properties. Disclosures of this item are included in Note (10) to the consolidated financial statements.

Other information is included in the Group's annual report for the financial year ending 31 December 2023

Management is responsible for the other information. The other information consists of the information included in the Group's annual report for the year 2023, other than the consolidated financial statements and the auditor's report thereon. We have not received the Group's Annual Report, which also includes the Board of Directors report, prior to the date of our auditor's report, and we expect to receive these reports after the date of our auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance with the books of the Parent Company. We further report that, except for the matters described in the "Basis for Qualified Opinion Section" above, we have obtained the information that we require to perform our audit, and the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, physical stocktaking was carried out in accordance with recognized practice. According to the information available to us there were no contraventions during the year ended December 31, 2023 of either the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, which might have materially affected the Parent Company's operations or its consolidated financial position, except for investing in associates being not included in the main activities of the Parent Company.

Also, in our opinion, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and Organization of Security Activity, and its Executive Regulations, as amended, during the year ended December 31, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations.

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

State of Kuwait
April 21, 2024

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

ASSETS	Note	**2023**	2022
Current assets:			
Cash and cash equivalents	3	**819,469**	1,477,688
Financial assets at fair value through profit or loss	4	**3,623,065**	2,240,557
Accounts receivable and other debit balances	5	**1,006,072**	843,740
Due from related parties	6	**1,147,857**	8,402,484
Assets classified as held for sale	7	**-**	14,388,753
Total current assets		**6,596,463**	27,353,222
Non-current assets:			
Financial assets at fair value through other comprehensive income	8	**650,997**	1,710,801
Investment in associates	9	**4,379,218**	4,007,060
Investment properties	10	**66,950,881**	58,367,655
Land and properties held for development	11	**590,772**	589,908
Property and equipment		**27,504**	27,734
Total non-current assets		**72,599,372**	64,703,158
Total assets		**79,195,835**	92,056,380
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other credit balances	13	**6,142,866**	6,327,713
Due to related parties	6	**1,610,329**	2,533,893
Accrued dividends	6	**172,604**	173,475
Liabilities relating to assets classified as held for sale	7	**-**	15,410,163
Total current liabilities		**7,925,799**	24,445,244
Non-current liabilities:			
Finance lease payable	14	**51,663,987**	52,000,000
Provision for end of service indemnity	15	**222,970**	221,363
Total non-current liabilities		**51,886,957**	52,221,363
Total liabilities		**59,812,756**	76,666,607
Equity:			
Capital	16	**23,565,439**	23,565,439
Statutory reserve	17	**4,198,721**	4,198,721
Cumulative changes in fair value		**(977,553)**	(243,274)
Foreign currency translation reserve		**594,380**	376,779
Foreign currency translation reserve related to assets classified as held for sale		**-**	41,596
Effect of changes in subsidiary's equity		**397,470**	-
Accumulated losses		**(16,499,668)**	(12,162,406)
Equity attributable to shareholders of the Parent Company		**11,278,789**	15,776,855
Non-controlling interests		**8,104,290**	(387,082)
Total equity		**19,383,079**	15,389,773
Total liabilities and equity		**79,195,835**	92,056,380

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

Mohamed Al-Saleh
Chairman

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

	Note	**2023**	2022
Continuing operations:			
Operating income		**4,789,441**	4,867,997
Operating costs	20	**(2,397,360)**	(2,199,045)
Profit from operations		**2,392,081**	2,668,952
General and administrative expenses	21	**(878,671)**	(777,410)
Net provision for expected credit losses / provision for expected credit losses no longer required	22	**(1,865,804)**	228,767
Change in fair value of financial assets through profit or loss	4	**448,437**	(346,079)
Cash dividends		**78,966**	123,511
Share of results from associates	9	**294,285**	425,515
Cancellation of impairment losses of investment properties	6	**-**	1,789,000
Impairment losses of investment properties	10	**(4,682,131)**	(18,970)
Impairment loss on goodwill		**-**	(222,000)
Other income		**99,662**	3,813
Foreign currency differences losses	23	**(1,059,163)**	-
Gain on disposal of a subsidiary company	32	**13,421**	-
Finance costs	6	**(3,006,423)**	(2,049,451)
(Loss) profit for the year from continuing operations before discontinued operations		**(8,165,340)**	1,825,648
Profit (loss) for the year from discontinued operations	7	**923,630**	(236,604)
(Loss) profit for the year		**(7,241,710)**	1,589,044
Continuing operations:			
Attributable to:			
Shareholders of the Parent Company from continuing operations		**(5,351,767)**	1,873,465
Non-controlling interests from continuing operations		**(2,813,573)**	(47,817)
(Loss) profit for the year from continuing operations		**(8,165,340)**	1,825,648
Discontinued operations:			
Attributable to:			
Shareholders of the Parent Company from discontinued operations		**923,630**	(2,662,338)
Non-controlling interests from discontinued operations		**-**	2,425,734
Profit (loss) for the year from discontinued operations		**923,630**	(236,604)
Loss per share attributable to Shareholders of the Parent Company:			
Basic (loss) earnings per share from continuing operations (fils)	25	**(22.71)**	7.95
Basic earnings (loss) per share for discontinued operations (fils)	25	**3.92**	(11.30)
Basic and diluted loss per share (fils)	25	**(18.79)**	(3.35)

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

	Note	**2023**	2022
(Loss) profit for the year		**(7,241,710)**	1,589,044
Continuing operations:			
Other comprehensive loss:			
Items that may be reclassified subsequently to the consolidated statement profit or loss			
Exchange differences on translating foreign operations		**(18,754)**	(242,198)
Items that will not be reclassified subsequently to the consolidated statement of profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income	8	**(643,404)**	(504,746)
Other comprehensive loss for the year from continuing operations		**(662,158)**	(746,944)
Discontinued operations:			
Other comprehensive income from discontinued operations		**-**	153,708
Other comprehensive loss for the year		**(662,158)**	(593,236)
Total comprehensive (loss) income for the year		**(7,903,868)**	995,808
Attributable to:			
Shareholders of the Parent Company		**(4,853,940)**	(1,443,364)
Non-controlling interests		**(3,049,928)**	2,439,172
Total comprehensive (loss) income for the year		**(7,903,868)**	995,808

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

	Equity attributable to shareholders of the Parent Company									
	Share capital	Statutory reserve	Cumulative changes in fair value	Foreign currency translation reserve	Foreign currency translation reserve relating to assets classified as held for sale	Effect of changes in shares of subsidiary's equity	Accumulated losses	Subtotal	Non-controlling interests	Total equity
Balance at January 1, 2022	23,565,439	4,198,721	261,472	568,120	-	-	(11,373,533)	17,220,219	(2,826,254)	14,393,965
(Loss) profit for the year	-	-	-	-	-	-	(788,873)	(788,873)	2,377,917	1,589,044
Other comprehensive (loss) income for the year	-	-	(504,746)	(149,745)	-	-	-	(654,491)	61,255	(593,236)
Total comprehensive (loss) income for the year	-	-	(504,746)	(149,745)	-	-	(788,873)	(1,443,364)	2,439,172	995,808
Transferred to foreign currency translation reserve relating to assets classified as held for sale	-	-	-	(41,596)	41,596	-	-	-	-	-
Balance at December 31, 2022	23,565,439	4,198,721	(243,274)	376,779	41,596	-	(12,162,406)	15,776,855	(387,082)	15,389,773
Loss for the year	-	-	-	-	-	-	(4,428,137)	(4,428,137)	(2,813,573)	(7,241,710)
Other comprehensive (loss) income for the year	-	-	(643,404)	217,601	-	-	-	(425,803)	(236,355)	(662,158)
Total comprehensive (loss) income for the year	-	-	(643,404)	217,601	-	-	(4,428,137)	(4,853,940)	(3,049,928)	(7,903,868)
Closing foreign currency translation reserve relating to assets classified as held for sale (Note 7)	-	-	-	-	(41,596)	-	-	(41,596)	-	(41,596)
Effect of disposal of subsidiary company (discontinued operations)	-	-	-	-	-	-	-	-	432,127	432,127
Effect of changes in shares of subsidiary's equity (2-b)	-	-	-	-	-	397,470	-	397,470	492,173	889,643
Effect of non-controlling interests' contributions to the subsidiary (Note 19)	-	-	-	-	-	-	-	-	10,617,000	10,617,000
Effect of sale of financial assets at fair value through other comprehensive income ("FVOCI")	-	-	(90,875)	-	-	-	90,875	-	-	-
Balance at December 31, 2023	**23,565,439**	**4,198,721**	**(977,553)**	**594,380**	**-**	**397,470**	**(16,499,668)**	**11,278,789**	**8,104,290**	**19,383,079**

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinar)

	2023	2022
Cash flows from operating activities:		
(Loss) profit for the year from continuing operations	**(8,165,340)**	1,825,648
Profit (loss) for the year from discontinued operations	**923,630**	(236,604)
	(7,241,710)	1,589,044
Adjustments for:		
Depreciation	**1,388,166**	1,409,530
Net provision for expected credit losses / provision for expected credit losses no longer required	**1,865,804**	(228,767)
Change in fair value of financial assets through profit or loss	**(448,437)**	346,079
Cash dividends	**(78,966)**	(123,511)
Share of results from associates	**(294,285)**	(425,515)
Cancellation of impairment losses of investment properties	**-**	(1,789,000)
Impairment losses of investment properties	**4,682,131**	18,970
Impairment loss on goodwill	**-**	222,000
Gain on disposal of a subsidiary company	**(13,421)**	-
Finance costs	**3,006,423**	2,049,451
Provision for end of service indemnity	**52,409**	52,409
	2,918,114	3,120,690
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**5,035**	(85,484)
Due from related parties	**(55,300)**	(128,550)
Accounts payable and other credit balances	**(184,847)**	(61,161)
Due to related parties	**(255,564)**	(15,920)
Cash flows generated from operations	**2,427,438**	2,829,575
Payment of end of service indemnity	**(50,802)**	(95,292)
Net cash flows generated from operating activities	**2,376,636**	2,734,283
Cash flows from investing activities:		
Purchase of financial assets at fair value through profit or loss	**(1,012,825)**	(250,000)
Paid for additions on investment properties	**(140,023)**	(349,517)
Cash dividends received	**78,966**	123,511
Net cash flows used in investing activities	**(1,073,882)**	(476,006)
Cash flows from financing activities:		
Cash dividends paid	**(871)**	(1,707)
Non-controlling interests	**832,000**	-
Finance costs paid	**(3,006,423)**	(2,049,451)
Net cash flows used financing activities	**(2,175,294)**	(2,051,158)
Net (decrease) increase in cash and cash equivalents	**(872,540)**	207,119
Cash on hand and at banks related to assets classified as held for sale	**-**	(7,606)
Foreign currency translation adjustments	**214,321**	(89,902)
Cash and cash equivalents at the beginning of the year (Note 3)	**1,477,688**	1,368,077
Cash and cash equivalents at end of the year (Note 3)	**819,469**	1,477,688

Non-cash transactions:

	2023	2022
Accounts receivable and other debit balances	**(417,284)**	-
Financial assets at fair value through other comprehensive income (“FVOCI”)	**417,284**	-
Investment properties	**14,867,000**	-
Due from related parties	**(5,750,000)**	-
Due to related parties	**668,000**	-
Non-controlling interests	**(9,785,000)**	-
Investment in Associates	**159,607**	-
Due from related parties	**(159,607)**	-
	-	-

The accompanying notes (1) to (33) form an integral part of the consolidated financial statements.

1- Parent Company's incorporation and activities:

Al Massaleh Real Estate K.S.C.P (the "Parent Company") is a Kuwaiti Public Shareholding Company registered in the State of Kuwait and is listed on Boursa Kuwait. The Parent Company has been incorporated in accordance with Memorandum of Incorporation under Ref No. 19 Volume 464 dated December 25, 1989 with the latest notarization in the Commercial Registry under Ref. No. 40671 dated December 2, 2021, whereby the authorized capital of the Parent Company has been increased.

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

- Ownership, sale and purchase and development of real estate and land for the Parent Company in the State of Kuwait and abroad, as well as management of properties owned by others provided that it is not in contrary to the provisions of the existing laws and the non-permitted trading activities in residential properties as stipulated by law.
- Owning, buying and selling shares and bonds of real estate companies to the account of the Parent Company only, inside State of Kuwait and abroad.
- Preparation of studies and providing consultancy services in the field of real estate provided that the required conditions to perform such services are fulfilled.
- Owning and managing hotels, health clubs and tourist facilities and renting and leasing it.
- Maintenance works related to buildings and real estate owned by the Parent Company and others, including maintenance, civil, mechanical, electrical works, as well as elevators and air-conditioning works to ensure preservation of buildings and their safety.
- Managing, operating and investing, leasing and rental of hotels, clubs, motels and guest houses, rest houses, parks, gardens, galleries, restaurants, cafeterias and residential complexes and touristic resorts and health projects, promotional, sports, shops and of different degrees and levels, including all of the original and support services, and its necessary relating facilities.
- Organization of real estate exhibitions of the Parent Company's own real estate projects, according to the applicable regulations by the ministry.
- Prepares real estate auctions in compliance with the applicable regulations by the ministry.
- Owning commercial markets and residential complexes.
- Employing excess funds available with the Parent Company by investing in financial portfolios managed by specialized parties.

  Direct contribution to the development of areas and of infrastructure, residential, commercial, and industrial projects through build, operation, and transfer (BOT) arrangement, and management of real estate facilities under BOT arrangement

The registered address of the Parent Company is P.O. Box 719 Safat, 13008 – State of Kuwait.

The consolidated financial statements of the Group were authorized for issue by the Parent Company's Board of Directors on April 21, 2024 and are subject to the approval of the General Assembly of the Parent Company's Shareholders. The Annual General Assembly of the Shareholders has the power to amend these consolidated financial statements after issuance.

2- Material accounting policies information

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The material accounting policies information adopted are summarized as follows:

a) Basis of preparation:

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company, and are prepared under the historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires the management to make judgments, estimates and assumptions in the process of applying the Group’s accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2 (v). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2022.

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

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

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. These amendments do not have material impact on the consolidated financial statements.

New and revised IFRS Standards in issue but not yet effective:
At the date of authorization of the consolidated financial statements, the Group has not applied the new and revised IFRS Standards that have been issued but are not yet effective as follows:

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

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

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

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. These amendments are not expected to have any material impact on the consolidated financial statements.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. These amendments are not expected to have any material impact on the consolidated financial statements.

b) Basis of consolidation:

The consolidated financial statements include the financial statements of the Parent Company and the subsidiaries (referred to as the Group) as follows:

Name of directly owned subsidiaries	Country of incorporation	Principal activities	Percentage of holding 2023	2022
Massaleh Lebanon S.A.L. (Closed)	Lebanon	Real Estate	**100%**	100%
Saifi Crown Holding S.A.L. (Closed)	Lebanon	Real Estate	**100%**	100%
Saifi Crown S.A.L.	Lebanon	Real Estate	**75%**	75%
Beyout Al Massaleh Real Estate Company -W.L.L.	Kuwait	Real Estate	**100%**	100%
Press Permanent Real Estate Exhibition Company W.L.L.	Kuwait	Real Estate	**100%**	100%
Real Estate Solutions K.S.C. (Closed)	Kuwait	Real Estate	**70%**	70%
Al Massaleh Gulf Limited and subsidiaries	UAE	Real Estate	**100%**	100%
Polygon Real Estate Services K.S.C. (Closed) and subsidiaries	Kuwait	Real Estate	**-**	100%
Showaty Alarab Elaqaria for Development Limited	Sudan	Real Estate	**73.48%**	73.48%
Sky Lease Company W.L.L.	Kuwait	Real Estate	**100%**	100%
Phoenix International Holding Limited – Private Company Limited by Shares (a)	UAE	Real Estate	**49.67%**	100%

Name of indirectly owned subsidiaries	Country of incorporation	Principal activities	Percentage of holding 2023	2022
Held through Al Massaleh Gulf Limited				
Sidra Limited Company	UAE	Real Estate	**64.05%**	64.05%
Held through Polygon Real Estate Services K.S.C. (Closed)				
Maram B.V Dutch Company and its subsidiary	Netherlands	Real Estate	**-**	100%
Gemxija Crown Limited	Malta	Real Estate	**-**	57.5%

(a) The company and its subsidiaries were excluded based on Based on the attachment report and sale by public auction, as shown in Note (32).
(b) During the year ended December 31, 2023, the Parent Company decreased the actual ownership interest through increase of capital of Phoenix International Holding Limited – Private Company Limited by Shares. The net changes in equity of the subsidiary was carried on the statement of changes in equity of the Group.

Subsidiaries (investees) are those enterprises controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee;
- has the ability to use its power to affect investee's returns.

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

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;

- any additional facts and circumstances that indicate that the Group has the financial ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

An asset is current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

d) Financial instruments:

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

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

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable, due from /to related parties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, accrued dividends and finance lease payable.

d-1) Financial assets

d-1/1) Classification of financial assets

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

Business model assessment

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Initial recognition

Purchases and sales of those financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

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

Measurement categories of financial assets
The Group classifies its financial assets upon initial recognition into the following categories:
- Debt instruments at amortized cost.
- Debt instruments at FVOCI, with gains or losses recycled to the consolidated statement of profit or loss, on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to the consolidated statement of profit or loss on derecognition.
- Financial instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortized costs
A financial asset is measured at amortized cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Amortized cost and effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

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

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

- Cash and cash equivalents:
  Cash and cash equivalents include cash on hand and at banks, cash at investment portfolios, other short-term highly liquid bank deposits with original maturities of 3 months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

- Trade receivables
  Receivables are amounts due from customers for merchandise sold, units rental or services performed in the ordinary course of business and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

  Changes in fair value, gain on sale arising from disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

  Equity instruments at fair value through other comprehensive income (FVOCI)

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

  Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in the consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

d-2/1) Impairment of financial assets

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

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

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

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

In applying this forward-looking approach, the Group applies a three-stage assessment to measuring ECL as follows:

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

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

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

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

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

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

d-2) Financial liabilities

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

Financial liabilities at amortized cost

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

- **Accounts payable**

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

- **Borrowings**

  Borrowings are initially stated at net fair value less the costs incurred. Subsequently, borrowings are recognised at the amortized cost. Differences between the collected amount (net of the transaction costs) and the recoverable amount are calculated in the consolidated statement of profit or loss during the borrowing period using the effective interest rate method.

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

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

d-3) Offsetting of financial assets and liabilities:

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

e) Associates:

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

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

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.
Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment.

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

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

f) Investment properties:
Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially carried at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is constructed is not depreciated. Depreciation is computed on a straight-line basis over the average useful life of 20 to 35 years of the buildings.

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

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

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

g) Land and properties held for development

Land and properties held for development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

h) Property and equipment

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

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

Depreciation is computed on a straight-line basis over the estimated useful lives of items of property, plant and equipment as follows:

	Depreciation rate
Furniture & fixtures	3 – 5
Tools and equipment	3 – 5
Vehicles	3 – 5
Decorations	3 – 5

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

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

i) Impairment of non-financial assets:

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

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

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

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

j) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographic area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.
- Is a subsidiary acquired exclusively with a view to re-sale.

Such component of the group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in consolidated statement of profit or loss.

k) Provision for end of service indemnity:

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

l) Dividend distribution to shareholders:

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent Company at the annual general meeting. Value of such dividends is recognized in equity.

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

Distributions for the year that are approved after the consolidated financial statements date are disclosed as a subsequent event following the date of the consolidated statement of financial position.

m) Share capital:

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

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

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

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

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

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

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

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

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

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

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

Revenue for the Group arises from the following activities:

Rental income
Rental income is recognized, when earned, on a time apportionment basis. It is recognized at a point in time.

Sale of properties held for development
Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and is measured at the transaction price agreed under the contract.

Other income
Other income is recognized on accrual basis.

o) Provisions:
A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

Provisions are not recognized for future operating losses.

p) Borrowing costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure is deducted from the financing costs eligible for recovery.

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

q) Leases:

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

Operating lease

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

Group as a lessee

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

Short-term leases

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

r) Zakat:

Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, Zakat, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries subject to the same law, share of Zakat paid by Kuwaiti shareholding subsidiaries subject to the same law and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided since there was no profit on which Zakat could be calculated for the year ended December 31, 2023.

s) National Labor Support Tax (NLST):

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates and subsidiaries listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for since there was no taxable profit on which NLST could be calculated for the year ended December 31, 2023.

t) Foreign currencies:

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

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

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

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

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

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

w) Critical accounting estimates, assumptions and judgments:
The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. The actual results may differ from such estimates.

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

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

- Provision for impairment
  The determination of the recoverability of the amount due from customers and the factors determining the impairment of the trade receivables involve significant judgment.

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

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

- Material non-controlling interests:
  The Parent Company's management considers any non-controlling interests which account for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in Note 19.

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

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

  - Work in progress:
    When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

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

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

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

B. Estimates and assumptions

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

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

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

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

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

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

3- Cash and cash equivalents

	2023	2022
Cash on hand	**4,925**	1,389
Cash at banks	**725,636**	940,075
Cash at investment portfolios	**109,711**	536,224
	840,272	1,477,688
Provision for expected credit losses (a) (Note 22)	**(20,803)**	-
	819,469	1,477,688

(a) Cash and cash equivalents include balances denominated in Lebanon Pound and placed inside Republic of Lebanon. In response to the current political and economic events, Banque du Liban (Lebanon's Central Bank) imposed a number of measures including restrictions withdrawals or transferring any money overseas. Accordingly, the Group has no access to such bank balances on timely basis, and the Group made a provision for expected credit losses amounting to KD 20,803 for these cash balances relating to its subsidiary companies in Republic of Lebanon.

(b) Cash at banks includes restricted amounts of KD 114,826 (2022: KD 114,826) against letters of guarantee issued to the Group (Note 33).

4- Financial assets at fair value through profit or loss

	2023	2022
Equity securities in investment portfolio	**3,551,062**	2,240,557
Debt securities in investment portfolio	**72,003**	-
	3,623,065	2,240,557

The financial assets designated at FVTPL are held within an investment portfolio and the fair value of which are measured using the valuation principles set out in (Note 27). The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**2,240,557**	2,314,615
Additions	**1,012,825**	250,000
Changes in fair value	**448,437**	(346,079)
Foreign currency translation adjustments	**(78,754)**	22,021
Balance at the end of the year	**3,623,065**	2,240,557

5- Accounts receivable and other debit balances

	2023	2022
Rents receivables (a)	**659,468**	683,291
Trade receivables (a)	**495,026**	613,010
Total receivables	**1,154,494**	1,296,301
Provision for expected credit losses (b)	**(896,231)**	(750,812)
	258,263	545,489
Amounts deposited to the Ministry of Justice – General Administrative of Implementation (Note 32)	**446,874**	-
Advance payments to contractors	**119,996**	45,263
Prepaid expenses	**106,518**	36,604
Staff receivables	**4,065**	38,984
Refundable deposits	**11,650**	58,909
Other debit balances	**58,706**	118,491
	1,006,072	843,740

(a) Lessees and trade receivables:

Lessees and trade receivables are non-interest bearing and are generally due to be settled within 30 days.

The Group applies the IFRS 9 simplified model of recognizing expected credit losses for all items of lessees and trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, lessees and trade receivables have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the ageing profile of customers over 1 to 2 years, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. There has been no change in the estimation techniques or significant assumptions made during the current year.

Lessees and trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 30 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others, is considered indicators of no expectation of recovery and therefore is considered as credit impaired.

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group with lease terms annually, with similar periods extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

The following table details the risk profile of lessees and trade receivables.

2023	**Past due 31-365 days**	**Past due More than 365 days**	**Total**
Expected credit loss rate	**69%**	**78%**	
Gross carrying amount	**90,868**	**1,063,626**	**1,154,494**
Lifetime expected credit loss	**62,699**	**833,532**	**896,231**

2022	Past due 31-365 days	Past due More than 365 days	Total
Expected credit loss rate	65%	57%	
Gross carrying amount	110,787	1,185,514	1,296,301
Lifetime expected credit loss	72,103	678,709	750,812

(b) The movement in provision for impairment loss is as follows:

	2023	2022
Balance at the beginning of the year	**750,812**	739,670
Charge during the year (Note 22)	**229,114**	-
Foreign currency translation adjustments	**(83,695)**	11,142
Balance at the end of the year	**896,231**	750,812

6- Related party disclosures

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

Balances included in consolidated statement of financial position:

	Shareholders	**Associate**	**Other related parties**	**2023**	2022
Due from related parties	**118,010**	**284,248**	**3,592,062**	**3,994,320**	9,633,060
Less: Provision for expected credit losses (a)	**-**	**-**	**(2,846,463)**	**(2,846,463)**	(1,230,576)
	118,010	**284,248**	**745,599**	**1,147,857**	8,402,484
Financial assets at fair value through other comprehensive income (a) (Note 8)	**650,994**	**-**	**-**	**650,994**	994,591
Due to related parties	**-**	**-**	**1,610,329**	**1,610,329**	2,533,893
Finance lease payable (Note 14)	**-**	**-**	**51,663,987**	**51,663,987**	52,000,000
Accrued dividends	**172,604**	**-**	**-**	**172,604**	173,475

Amounts due from / (to) related parties are interest free and are receivable / payable on demand. Except, the finance lease payable which carries an annual interest rate of 2.25% (2022: 2.25%) over central bank of Kuwait Discount rate, the principal amount of the finance lease payable is to be fully paid during the tenure of the lease which expires on November 28, 2025 (Note 14).

(a) The movement in provision for impairment loss is as follows:

	2023	2022
Balance at the beginning of the year	**1,230,576**	1,866,731
Charge during the year (Note 22)	**1,615,887**	33,000
Utilized in the year	**-**	(407,388)
Provision no longer required (Note 22)	**-**	(261,767)
Balance at the end of the year	**2,846,463**	1,230,576

Transactions included in the consolidated statement of profit or loss:

	Nature of the relationship	2023	2022
General and administrative expenses	**Other related parties**	**45,000**	45,000
Finance costs	**Other related parties**	**3,006,423**	2,049,451
Cancellation for impairment losses of investments properties	**Other related parties**	**-**	1,789,000

Key management benefits:

	2023	2022
Short-term benefits	**90,000**	90,000
Leaves	**3,337**	2,858
End of service benefits	**7,807**	6,442
	101,144	99,300

7- Assets and liabilities held for sale

On May 12, 2022, June 26, 2022 the Board of Directors of the Parent Company decided to dispose of all the shares owned in Gemxija Crown Limited - Malta (Subsidiary) which the Group owns a share of %57.53. On September 29, 2022, the exit contracts were signed. Accordingly, the assets and liabilities of the subsidiary were classified as subject for disposal and held for sale and are presented separately in the consolidated statement of financial position.

On September 29, 2022, Massaleh Real Estate Company (K.S.C.P.) signed the final exit contract with respect to its investments in Gemxija Crown Limited - Malta (subsidiary), whereby the Group sold all the shares owned for EUR 2,000,000. During the year ended December 31, 2023, the terms of the deal were satisfied, whereby the Group would receive EUR 1,000,000 upon completion of the sale of shares, in addition to reducing the Group's finance lease payable by EUR 1,000,000, equivalent to KD 336,013 (Note 14). This deal resulted in net profit amounting to KD 923,630.

The major items of assets and liabilities comprising the subsidiary classified as held for sale are as follows:

	2022
ASSETS:	
Cash on hand and at banks	**7,606**
Accounts receivable and other debit balances	**17,281**
Land and properties held for development (Note 11)	**14,363,866**
Total assets classified as held for sale	**14,388,753**
Liabilities:	
Accounts payable and other credit balances	**1,875,582**
Term loan (Note 12)	**13,534,581**
Total liabilities classified as held for sale	**15,410,163**
Net assets classified as held for sale	**(1,021,410)**

The results of operation for subsidiary recorded under discontinued operations are presented as follows:

	2023	2022
Loss for the year relating to discontinued operations	**-**	(236,604)
Parent Company's profit resulted from the disposal of discontinued operations	**882,034**	-
Closing foreign currency translation reserve relating to assets classified as held for sale	**41,596**	-
Total profit (loss) for the year from discontinued operations	**923,630**	(236,604)

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

	2023	2022
Equity securities	**650,994**	1,710,798
Funds	**3**	3
	650,997	1,710,801

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**1,710,801**	1,487,547
Additions	**-**	728,000
Disposals (Note 32)	**(417,284)**	-
Changes in fair value	**(643,404)**	(504,746)
Foreign currency translation adjustments	**884**	-
Balance at the end of the year	**650,997**	1,710,801

The financial assets at fair value through other comprehensive income are valued based on the valuation basis as described in Note 27.

9- Investment in associates

The Group's investment in associates consists of the following:

			Percentage of holding		**Amount**	
Name of the associate	Country of incorporation	Principal activities	**2023**	2022	**2023**	2022
Venus International Company E.S.C.	Egypt	Grains trading	**22%**	22%	**3,840,610**	4,007,057
CAFI Commodity and Freight Integrators D.M.C.C.	Dubai	Grains trading	**22%**	22%	**538,606**	1
Trans Globe E.S.C.	Egypt	Logistic services	**20%**	20%	**1**	1
Modern Bulk System Company E.S.C.	Egypt	Construction	**20%**	20%	**1**	1
					4,379,218	4,007,060

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**4,007,060**	3,554,821
Additions (a)	**443,855**	-
Group's share of results from associates	**294,285**	425,515
Cash dividends from associates	**(284,248)**	-
Foreign currency translation adjustments	**(81,734)**	26,724
Balance at the end of the year	**4,379,218**	4,007,060

The Group's share of results of associates is based on financial statements prepared by these associates' management.

During the year ended December 31, 2022, CAFI Commodity and Freight Integrators D.M.C.C. (associate) incurred net losses amounting to KD 8,496,486, and the Group's share of those losses is KD 1,869,227 exceeding the Group's investment. Accordingly, the Group recognized its share of such losses equivalent to the carrying value of the investment. During the year ended December 31, 2023, the Group increased investment in this associate through the capital increase of the associate by KD 443,855, and the associate realized a profit amounting to KD 430,686 and, accordingly, the Group recognized its share of such profits equivalent to KD 94,751. Therefore, Investment in the associate amounted to KD 538,606 as a result of the capital increase of the associate.

Summarized financial information for the material associates is as follows:

	Venus International Company E.S.C.		CAFI Commodity and Freight Integrators D.M.C.C.		Total	
	2023	2022	**2023**	2022	**2023**	2022
Assets:						
Cash and cash equivalents	**1,205,508**	229,944	**2,265,912**	857,496	**3,471,420**	1,087,440
Other current assets	**5,900,268**	11,570,711	**2,235,332**	14,785,416	**8,135,600**	26,356,127
Total current assets	**7,105,776**	11,800,655	**4,501,244**	15,642,912	**11,607,020**	27,443,567
Non-current assets	**7,683,604**	3,950,191	**68,069**	81,125	**7,751,673**	4,031,316
Total assets	**14,789,380**	15,750,846	**4,569,313**	15,724,037	**19,358,693**	31,474,883
Liabilities:						
Current liabilities	**2,776,686**	2,981,561	**2,121,104**	20,428,934	**4,897,790**	23,410,495
Total liabilities	**2,776,686**	2,981,561	**2,121,104**	20,428,934	**4,897,790**	23,410,495
Net assets	**12,012,694**	12,769,285	**2,448,209**	(4,704,897)	**14,460,903**	8,064,388
Percentage of holding	**22%**	22%	**22%**	22%		
Share in associate's net assets	**2,642,793**	2,809,240	**538,606**	1	**3,181,399**	2,809,241
Goodwill related to investment in associate	**1,197,817**	1,197,817	**-**	-	**1,197,817**	1,197,817
Carrying value of investment in associate	**3,840,610**	4,007,057	**538,606**	1	**4,379,216**	4,007,058

Summarized statement of profit or loss:

	Venus International Company E.S.C.		CAFI Commodity and Freight Integrators D.M.C.C.		Total	
	2023	2022	**2023**	2022	**2023**	2022
Revenue	**2,940,110**	10,636,119	**35,309,879**	47,351,256	**38,249,989**	57,987,375
Expenses	**(2,033,136)**	(7,952,551)	**(34,879,193)**	(55,847,742)	**(36,912,329)**	(63,800,293)
Net profit (loss) for the year	**906,974**	2,683,568	**430,686**	(8,496,486)	**1,337,660**	(5,812,918)
Percentage of holding	**22%**	22%	**22%**	-	**-**	-
Share of associate's results	**199,534**	590,384	**94,751**	(164,869)	**294,285**	425,515
Cash dividends from associates	**284,248**	-	**-**	-	**284,248**	-

10- Investment properties

	Lands	Buildings	Total
Cost:			
Balance at January 1, 2022	41,894,304	45,121,912	87,016,216
Additions	-	349,517	349,517
Disposals	(12,500,000)	-	(12,500,000)
Cancellation for impairment losses	1,789,000	-	1,789,000
Impairment losses	-	(18,970)	(18,970)
Foreign currency translation adjustments	152,000	-	152,000
Balance at December 31, 2022	31,335,304	45,452,459	76,787,763
Additions	12,897,000	2,110,023	15,007,023
Impairment losses	(4,682,131)	-	(4,682,131)
Foreign currency translation adjustments	(139,640)	(143,240)	(282,880)
Balance at December 31, 2023	**39,410,533**	**47,419,242**	**86,829,775**
Accumulated depreciation:			
Balance at January 1, 2022	-	17,010,578	17,010,578
Depreciation charged for the year (Note 20)	-	1,409,530	1,409,530
Balance at December 31, 2022	-	18,420,108	18,420,108
Depreciation charged for the year (Note 20)	-	1,388,166	1,388,166
Foreign currency translation adjustments	-	70,620	70,620
Balance at December 31, 2023	**-**	**19,878,894**	**19,878,894**
Net book value:			
Balance at December 31, 2023	**39,410,533**	**27,540,348**	**66,950,881**
Balance at December 31, 2022	31,335,304	27,032,351	58,367,655

- Depreciation for the year is included under the operating cost in the consolidated statement of profit or loss.

  The group's management has complied with the regulations of the Capital Markets Authority on the guidelines for evaluating investment properties. Accordingly, the fair value of investment properties was determined based on an evaluation made by certified and independent valuers which amounted to KD 106,540,438 (2022: KD 95,486,500).

  In estimating the fair value of investment properties, the valuers used the valuation techniques listed in the following schedule and had considered the nature and usage of the investment properties.

Class of investment property	**Valuation technique**	**Significant unobservable inputs**	**2023 Level 2**	**2023 Level 3**	**2023 Total**
Land	**Sales comparison**	**Price per square meter**	**18,401,438**	**-**	**18,401,438**
Residential complexes	**Income capitalization**	**Market rental growth rate and occupancy rate**	**-**	**38,626,000**	**38,626,000**
Residential buildings	**Sales comparison**	**Price per square meter**	**30,277,000**	**-**	**30,277,000**
Commercial complexes	**Income capitalization**	**Market rental growth rate and occupancy rate**	**-**	**19,236,000**	**19,236,000**
Total			**48,678,438**	**57,862,000**	**106,540,438**

Class of investment property	Valuation technique	Significant unobservable inputs	2022 Level 2	2022 Level 3	2022 Total
Land	Sales comparison	Price per square meter	12,272,000	-	12,272,000
Residential complexes	Income capitalization	Market rental growth rate and occupancy rate	-	38,441,000	38,441,000
Residential buildings	Sales comparison	Price per square meter	29,969,000	-	29,969,000
Commercial complexes	Income capitalization	Market rental growth rate and occupancy rate	-	14,804,500	14,804,500
Total			42,241,000	53,245,500	95,486,500

There were no transfers between the levels during the year.

11- Land and properties held for development

	2023	2022
Balance at the beginning of the year	**589,908**	15,674,475
Transferred to assets classified as held for sale (Note 7)	**-**	(14,363,866)
Foreign currency translation adjustments	**864**	(720,701)
Balance at the end of the year	**590,772**	589,908

As at December 31, 2022, land and properties held for development include certain properties with book value of KD 14,363,866 which are pledged as collateral against term loan (Note 12). These properties are owned by one of the Group subsidiaries (Gemxija Crown Limited) which is 57.5% owned by the Parent Company.

During the year ended December 31, 2022, the Board of Directors approved the sale of all the shares of (Gemxija Crown Limited). On September 29, 2022, the exit contracts were signed and, accordingly, the subsidiary's properties were reclassified to assets classified as held for sale. During the year ended December 31, 2023, the terms of deal and the sale process were concluded.(Note 7).

12- Term loan

Term loan represents credit facilities in foreign currency amount of KD 13,534,581 as at December 31, 2022 granted to one of the Group's subsidiaries (Gemxija Crown Limited) which is 57.5% owned by the Parent Company. These facilities are secured by the mortgage of land and properties under development amounting to KD 14,363,866 as at December 31, 2022 (Note 7 , 11).

As at December 31, 2022, the term loan carries an interest at 3-6 months EURIBOR rate of +2% per annum. The loan and its related interests and penalties are guaranteed by the subsidiary's shareholders.

During the year ended December 31, 2022, the Board of Directors approved the sale of all the shares of (Gemxija Crown Limited). On September 29, 2022, the exit contracts were signed and, accordingly, the subsidiary-related term loan were reclassified to liabilities related to assets classified as held for sale. During the year ended December 31, 2023, the terms of the deal and sale process were concluded. Accordingly, the Group was released from all guarantees and obligations relating to the loan (Note 7).

13- Accounts payable and other credit balances

	2023	2022
Trade payables	**25,242**	23,369
Retention payable	**2,863,433**	2,861,627
Provision for legal cases (Note 32)	**1,956,716**	1,954,196
Accrued expenses	**643,104**	699,207
Refundable deposits	**514,579**	599,578
Rents received in advance	**78,159**	108,925
Staff leave payable	**57,277**	50,726
NLST payable	**3,006**	3,006
Zakat payable	**1,350**	1,350
Due to contractors	**-**	19,885
Others	**-**	5,844
	6,142,866	6,327,713

14- Finance lease payable

During the year ended December 31, 2023, the Group transferred the existing obligation on Al Corniche Marine Club Company - K.S.C. and its subsidiary (Related party) amounting to KD 5,750,000 to Phoenix International Holding Limited Company - Private Company limited by Shares - (subsidiary), as part of the agreement to increase the subsidiary's capital (Note 19).

During the year ended December 31, 2018, the Group sold certain investment properties with net carrying value of KD 50,515,858 to Securities Group K.S.C.C. (related party) on settlement of a term loan due to a local bank amounting to KD 49,250,000. One of the Group's subsidiaries has entered into a finance lease agreement with Securities Group K.S.C (Closed) to invest in these properties with the right to purchase the properties for a total consideration of KD 49,250,000.

The finance lease carries an average annual interest rate of 2.25% over Central Bank of Kuwait discount rate and is payable in semiannual installments. In case the subsidiary elected to purchase these investment properties, the principal amount of the finance lease payable is to be fully paid during the tenure of the lease which expires on November 28, 2025 (Note 6). The Group settled KD 3,000,000 during the previous years from the total indebtedness.

On September 29, 2022, Massaleh Real Estate Company (K.S.C.P.) signed the final exit contract from its investments in Gemxija Crown Limited - Malta (subsidiary), whereby the company sold all the shares it owned for EUR 2,000,000, and during the year ended December 31, 2023, the terms of the deal were satisfied and the sale process was completed, and accordingly, the finance lease payable was reduced by EUR 1,000,000, equivalent to KD 336,013 (Note 7).

15- Provision for end of service indemnity

	2023	2022
Balance at the beginning of the year	**221,363**	264,246
Charge for the year	**52,409**	52,409
Paid during the year	**(50,802)**	(95,292)
Balance at the end of the year	**222,970**	221,363

16- Share capital

Authorized share capital consists of 400,000,000 shares of 100 fils each and all shares are in cash. The Company's share capital is presented as follows:

The paid-up share capital is determined by an amount of KD 23,565,439 distributed among 235,654,390 shares of 100 fils each and shares are in cash.

	2023	2022
Authorized capital	**40,000,000**	40,000,000
Unpaid capital	**16,434,561**	16,434,561
Paid up capital	**23,565,439**	23,565,439

17- Statutory reserve

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

18- Voluntary reserve

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

19- Subsidiaries with non-controlling interests which are material to the Group

Name of the subsidiary	Country of incorporation	Principal activities	Ownership interest held by the Parent Company directly and indirectly		Ownership interest held by the NCI	
			2023	2022	**2023**	2022
Phoenix International Holding Limited – Private Company Limited by Shares (a)	UAE	Real Estate	**49.67%**	100%	**50.33%**	-
Showaty Alarab Elaqaria for Development Limited	Sudan	Real Estate	**73.48%**	73.48%	**26.52%**	26.52%
Saifi Crown S.A.L.	Lebanon	Real Estate	**75%**	75%	**25%**	25%
Sidra Limited Company	UAE	Real Estate	**64.05%**	64.05%	**35.95%**	35.95%
Gemxija Crown Limited	Malta	Real Estate	**-**	57.5%	**-**	42.5%

(a) During the year ended December 31, 2023, the Parent Company's Board of Directors held on July 16, 2023, and the General Assembly of the Parent Company's Shareholders held on August 14, 2023, have approved the capital increase of Phoenix International Holding Limited Company - Private Company Limited by Shares - (referred as the subsidiary). The capital was increased in stages as follows:

- On August 14, 2023, the subsidiary issued 164,532 shares in favor of Al Corniche Marine Club Company Holding -Private Company Limited by Shares (subsidiary of Al Corniche Marine Club Company -K.S.C.C.) (related party) against transfer of right of investment of three buildings on a land amounting to KD 10,797,000, which were recorded under investment properties based on valuation reports prepared by independent valuers using comparable market prices. Therefore, these buildings' debts amounting to KD 5,750,000 (Note 6) were transferred to the subsidiary. Therefore, the net contribution by non-controlling interests amounted to KD 5,047,000.

- On August 23, 2023 and September 7, 2023, the Parent Company's Board of Directors authorized a new increase in the capital of the subsidiary through issuance of 44,010 shares in favor of Tameer Real Estate Investment Company - K.S.C.P (Related Party – Major Shareholder) against settling the credit balance due from the Parent Company in favor of Tameer Real Estate Investment Company. This shall be through transferring certain shares owned by the Parent Company amounting to KD 668,000 in a portfolio held by Tameer Real Estate Investment Company - K.S.C.P, provided that the latter shall pay amount of KD 682,000 in cash as well as the transfer of value shares that have previously transferred by the Parent Company to the subsidiary. Therefore, the net contribution of non-controlling interest amounted to KD 1,350,000.

  On September 25, 2023, the Parent Company's Board of Directors approved a new increase in the subsidiary through issuance of 132,682 shares in favor of Tameer Real Estate Investment Company - K.S.C.P. against the transfer of investment property amounting to KD 4,070,000 to the subsidiary which was recorded under investment properties. This amount represents contribution by non-controlling interests.

- On September 7, 2023, the Parent Company's Board of Directors authorized new increase in the capital of the subsidiary through issuance of 4,890 shares in favor of Paradigm SPV Limited Company (external party) against KD 150,000 to be paid in cash and this represents contribution by non-controlling interests.

Based on the previous contributions to the capital of Phoenix International Holding Limited – Private Company Limited by Shares (subsidiary) from the above parties, the percentage of the Parent Company's contribution decreased by 50.33%, which represents the ownership percentage of non-controlling interests amounting to amounting to KD 10,617,000 in the capital of capital of the Company.

The financial information of subsidiaries with non-controlling interests that are material is set out below:

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

(a) Summarized statement of financial position:

	Phoenix International Holding Limited – Private Company Limited by Shares		Showaty Alarab Elaqaria for Development Limited		Saifi Crown S.A.L.		Sidra Limited Company		Gemxija Crown Limited	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Current assets	**4,349,563**	**283,045**	**-**	4,034	**401,682**	549,314	**389,298**	388,729	**-**	24,887
Non-current assets	**67,033,142**	**728,000**	**7,604,438**	12,272,000	**19**	255	**590,772**	589,906	**-**	14,363,866
Total assets	**71,382,705**	**1,011,045**	**7,604,438**	12,276,034	**401,701**	549,569	**980,070**	978,635	**-**	14,388,753
Current liabilities	**34,363**	**308,441**	**884,362**	880,305	**4,431,163**	4,355,342	**6,486,800**	6,477,305	**-**	15,406,722
Non-current liabilities	**51,748,458**	**-**								
Total liabilities	**51,782,821**	**308,441**	**884,362**	880,305	**4,431,163**	4,355,342	**6,486,800**	6,477,305	**-**	15,406,722
Net assets (liabilities)	**19,599,884**	**702,604**	**6,720,076**	11,395,729	**(4,029,462)**	(3,805,773)	**(5,506,730)**	(5,498,670)	**-**	(1,017,969)
Ownership interest held by the NCI	**50.33%**	**-**	**26.52%**	26.52%	**25%**	25%	**35.95%**	35.95%	**-**	42.5%
Net assets (liabilities) attributable to NCI	**9,864,622**	**-**	**1,782,164**	3,022,147	**(1,007,366)**	(951,443)	**(1,979,450)**	(1,976,552)	**-**	(432,372)
The impact of the change in NCI shares	**(492,173)**	**-**	**-**	-	**-**	-	**-**	-	**-**	-
Net Assets (Liabilities) of NCI	**9,372,449**	**-**	**1,782,164**	3,022,147	**(1,007,366)**	(951,443)	**(1,979,450)**	(1,976,552)	**-**	(432,372)

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

	Phoenix International Holding Limited – Private Company Limited by Shares		**Showaty Alarab Elaqaria for Development Limited**		**Saifi Crown S.A.L.**		**Sidra Limited Company**		**Gemxija Crown Limited**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	**4,841,476**	**-**		-	**-**	-	**-**	-	**-**	6,278,303
Expenses	**(5,843,830)**	**(27,946)**	**(6,320,165)**	(2,500)	**(3,659,912)**	(17,406)	**-**	(423,246)	**-**	(567,200)
Total comprehensive (loss) income for the year	**(1,002,354)**	**(27,946)**	**(6,320,165)**	(2,500)	**(3,659,912)**	(17,406)	**-**	(423,246)	**-**	5,711,103
							-			
Ownership interest held by the NCI	**50.33%**	-	**26.52%**	26.52%	**25%**	25%	**35.95%**	35.95%	**-**	42.5%
Net (loss) Income attributable to NCI	**(222,487)**	**-**	**(1,676,108)**	(663)	**(914,978)**	(4,348)	**-**	(152,140)	**-**	2,425,734

20- Operating costs

	2023	2022
Salaries and wages and other benefits	**270,278**	241,584
Depreciation (Note 10)	**1,388,166**	1,409,530
Others	**738,916**	547,931
	2,397,360	2,199,045

21- General and administrative expenses

	2023	2022
Salaries and wages and other benefits	**315,145**	313,964
Others	**563,526**	463,446
	878,671	777,410

22- Net provision for expected credit losses / provision for expected credit losses no longer required.

	2023	2022
Cash and cash equivalents (Note 3)	**(20,803)**	-
Accounts receivable and other debit balances (Note 5)	**(229,114)**	-
Due from related parties (Note 6)	**(1,615,887)**	228,767
	(1,865,804)	228,767

23- Foreign exchange loss

The group, through its subsidiaries, "Lebanese Masaleh Company - S.A.L. (Closed)", "Saifi Crown Holding Company - S.A.L. (Closed)" and "Saifi Crown Company - S.A.L." activities and operations in the Republic of Lebanon , which is classified as a hyperinflation economy based on the accumulative inflation rates over the previous years,and accordingly, the consolidated financial statements include the impact of that hyperinflation with respect to those subsidiaries as a result of their activity in the Republic of Lebanon, where they The Group classifies translation differences related to hyperinflation on account of foreign currency exchange losses in the consolidated statement of profit or loss.

24- Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the Company's profit before deduction of the contribution to KFAS, Zakat and Board of Directors' remuneration after deducting the transferred amount to the statutory reserve. No KFAS has been provided, since there was no eligible profit on which KFAS could be calculated for the year ended December 31, 2023.

25- Basic and diluted loss per share

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

	2023	2022
(Loss) profit for the year attributable to equity holders of the Parent Company from continuing operations	**(5,351,767)**	1,873,465
Profit (loss) for the year attributable to equity holders of parent company from discontinued operations	**923,630**	(2,662,338)
Loss for the year attributable to the Parent Company's Shareholders	**(4,428,137)**	(788,873)
Number of shares outstanding:		
Weighted average number of shares outstanding (share)	**235,654,390**	235,654,390
Basic (loss) earnings per share from continuing operations (fils)	**(22.71)**	7.95
Basic earnings (loss) per share for discontinued operations (fils)	**3.92**	(11.30)
Basic and diluted loss per share (fils)	**(18.79)**	(3.35)

26- Segment information

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

The Group carries out its activities in real estate operations, which include trading, development, leasing and management of real estate, leasing investment properties, as well as investment operations in the purchase and sale of shares through portfolios managed by specialized companies and entities.

The following table presents assets, liabilities, revenues, and expenses:

	2023			2022		
	Real estate operations	**Investing operations**	**Total**	Real estate operations	Investing operations	Total
Operating income	**4,704,996**	**-**	**4,704,996**	4,867,997	-	4,867,997
Operating costs	**(2,397,360)**	**-**	**(2,397,360)**	(2,199,045)	-	(2,199,045)
Segment results	**2,307,636**	**-**	**2,307,636**	2,668,952	-	2,668,952
General and administrative expenses	**(794,226)**	**-**	**(794,226)**	(777,410)	-	(777,410)
Net provision for expected credit losses / provision for expected credit losses no longer required	**-**	**(1,865,804)**	**(1,865,804)**	-	228,767	228,767
Change in fair value of financial assets through profit or loss	**-**	**448,437**	**448,437**	-	(346,079)	(346,079)
Cash dividends	**-**	**78,966**	**78,966**	-	123,511	123,511
Share of results from associates	**-**	**294,285**	**294,285**	-	425,515	425,515
Impairment losses of investment properties	**(4,682,131)**	**-**	**(4,682,131)**	(18,970)	-	(18,970)
Cancellation of impairment losses of investment properties	**-**	**-**	**-**	1,789,000	-	1,789,000
Impairment loss on goodwill	**-**	**-**	**-**	-	(222,000)	(222,000)
Other income	**99,662**	**-**	**99,662**	3,813	-	3,813
Foreign currency differences losses	**-**	**(1,059,163)**	**(1,059,163)**	-	-	-
Gain on disposal of a subsidiary	**-**	**13,421**	**13,421**	-	-	-
Finance costs	**(3,006,423)**	**-**	**(3,006,423)**	(2,049,451)	-	(2,049,451)
(Loss) profit for the year from continuing operations	**(6,075,482)**	**(2,089,858)**	**(8,165,340)**	1,615,934	209,714	1,825,648
Profit for the year from discontinued operations	**923,630**	**-**	**923,630**	(236,604)	-	(236,604)
(Loss) profit for the year	**(5,151,852)**	**(2,089,858)**	**(7,241,710)**	1,379,330	209,714	1,589,044

	2023			2022		
	Real estate operations	**Investing operations**	**Total**	Real estate operations	Investing operations	Total
Total assets	**70,542,555**	**8,653,280**	**79,195,835**	84,097,962	7,958,418	92,056,380
Total Liabilities	**59,812,756**	**-**	**59,812,756**	76,666,607	-	76,666,607

27- Fair value measurement

The Group measures financial assets at fair value such as financial assets at fair value through profit or loss and financial assets through other comprehensive income at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

	2023		
	Level 1	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**3,623,065**	**-**	**3,623,065**
Financial assets at fair value through other comprehensive income ("FVOCI")	**650,997**	**-**	**650,997**
	4,274,062	**-**	**4,274,062**

	2022		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	2,240,557	-	2,240,557
Financial assets at fair value through other comprehensive income ("FVOCI")	994,591	716,210	1,710,801
	3,235,148	716,210	3,951,358

No transfers were made between levels during the year.

The fair value of investment properties is disclosed in Note 10.

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

28- Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable, due from /to related parties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable and finance lease payable. As a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss (profit) through the impact on floating rate borrowings:

	2023		
	Increase (decrease) in interest rate	**Balances as at December 31,**	**Effect on the consolidated statement of profit or loss**
Finance lease payable	**± 0.5 %**	**51,663,987**	**± 258,320**

	2022		
	Increase (decrease) in interest rate	Balances as at December 31,	Effect on the consolidated statement of profit or loss
Finance lease payable	± 0.5 %	52,000,000	± 260,000

Credit risk:

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

Cash at banks and investment portfolios

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

Trade receivables

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

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

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

Foreign currencies 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 currency exchange rates. The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure to foreign currency risk is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following statement shows the sensitivity of the possible and reasonable changes in the foreign exchange rates used by the Group against the Kuwaiti dinar:

	2023	
	Increase (decrease) against Kuwaiti Dinar	**Effect on the consolidated statement of profit or loss**
Lebanese Pound	**± 5%**	**± 4,585**
US Dollar	**± 5%**	**± 434,676**
Arab Emirates Dirham	**± 5%**	**± 19,456**
Total		**± 458,717**

	2022	
	Increase (decrease) against Kuwaiti Dinar	Effect on the consolidated statement of profit or loss
Lebanese Pound	± 5%	± 12,576
US Dollar	± 5%	± 656,091
Euro	± 5%	± 11,024
Arab Emirates Dirham	± 5%	± 19,964
Total		± 699,655

Liquidity risk:

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

Maturity table for financial liabilities:

	2023				
	Less than 3 months	**3 - 6 months**	**6 - 12 months**	**More than 12 months**	**Total**
Accounts payable and other credit balances	**5,486,575**	**68,549**	**587,742**	**-**	**6,142,866**
Due to related parties	**-**	**-**	**1,610,329**	**-**	**1,610,329**
Accrued dividends	**172,604**	**-**	**-**	**-**	**172,604**
Finance lease payable	**-**	**-**	**-**	**51,663,987**	**51,663,987**
	5,659,179	**68,549**	**2,198,071**	**51,663,987**	**59,589,786**

	2022				
	Less than 3 months	3 - 6 months	6 - 12 months	More than 12 months	Total
Accounts payable and other credit balances	5,651,680	70,611	605,422	-	6,327,713
Due to related parties	-	-	2,533,893	-	2,533,893
Accrued dividends	173,475	-	-	-	173,475
Finance lease payable	-	-	-	52,000,000	52,000,000
	5,825,155	70,611	3,139,315	52,000,000	61,035,081

Equity price risk:

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

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

	2023		
	Increase (decrease) against Kuwaiti Dinar	**Effect on the consolidated statement of profit or loss**	**Effect on the consolidated statement of profit or loss and other comprehensive income**
Financial assets at fair value through profit or loss	**± 5%**	**± 181,153**	**-**
Financial assets at fair value through other comprehensive income ("FVOCI")	**± 5%**	**-**	**± 32,550**

	2022		
	Increase (decrease) against Kuwaiti Dinar	Effect on the consolidated statement of profit or loss	Effect on the consolidated statement of profit or loss and other comprehensive income
Financial assets at fair value through profit or loss	± 5%	± 112,028	-
Financial assets at fair value through other comprehensive income ("FVOCI")	± 5%	-	± 85,540

29- Capital risk management

The Group's objectives when managing capital resources are to safeguard its ability to continue as a going concern in order to provide returns for equity holders and benefits for external users and to maintain an optimal capital resource structure to reduce the cost of capital. In order to maintain or adjust the capital resource's structure, the Group may adjust the amount of cash dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay facilities or obtain additional facilities.

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

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

	2023	2022
Finance lease payable	**51,663,987**	52,000,000
Less: Cash and cash equivalents	**(819,469)**	(1,477,688)
Net debts	**50,844,518**	50,522,312
Total equity	**19,383,079**	15,389,773
Total capital resources	**70,227,597**	65,912,085
Gearing Ratio	**72%**	77%

30- General Assembly

The Board of Directors meeting held on April 21,2024, has recommended not to distribute cash dividends nor remuneration to board members for the financial year ended December 31, 2023. This recommendation is subject to the approval of the Shareholders' Annual General Assembly of the Parent Company.

The Annual General Assembly of the Parent Company's Shareholders meeting held on May 30, 2023, approved the consolidated financial statements of the Parent Company and not to distribute cash dividends, nor to pay the Board of Directors remuneration for the financial year ended December 31, 2022.

31- Going concern

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

As of December 31, 2023 the Group losses amounted to KD 7,241,710 and the accumulated losses amounted to KD 16,499,668 (2022: KD 12,162,406), and its current liabilities exceeded its current assets by KD 1,329,336, and the gearing ratio reached 72% (2022: 77%) (Note 29).

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

In the opinion of the Group's management, despite the existence of significant doubt about the Group's ability to continue as a going concern, which might result in the Group's inability to realize its assets and discharge its liabilities in the normal course of business, the Group's Management studies several strategies to improve and enhance the operational performance, financial position, and sufficiency of the Group's capital resource and it strongly believes that the Group will be able continue as a going concern.

32- Legal claims

a) During the year ended December 31, 2010, the Parent Company has entered into contracts for the construction of certain properties with Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("major shareholder"). Based on these contracts, the Parent Company had recognized retention of KD 1,614,063 payable to the major shareholder as at December 31, 2020. On December 3, 2017, the major shareholder filed a legal case against the Parent Company objecting to the retention payable balance due from the Parent Company and claiming recovery of variation orders related to these construction contracts. On March 26, 2019, the Court of First Instance has issued a verdict obligating the Parent Company to pay to the major shareholder an amount of KD 1,849,621, consequently, Parent Company recorded an additional provision for legal claims amounting to KD 235,558 under accounts payable and other credit balances in the previous years to meet the contingent liabilities of these legal claims. Both the Parent Company and the major shareholder appealed against this verdict under appeals No. (3097, 3103/2019 - S T/1). The hearing session to appear before the experts committee was scheduled on December 15, 2019 and another session was scheduled on June 7, 2020 to look into the appeal pending the experts committees' report. The hearing was postponed to October 30, 2022. In that session, the court decided to extend the deadline for pronouncing the judgment to November 20, 2022, and on hearing session dated November 20, 2022, the court decided to adjust the awarded amount under the appealed judgment in favor of the Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("Major shareholder") with an amount of KD 1,627,880, the Company filed a appeal by cassation, and the court ruled on the March 7, 2023 session to dismiss the stay of execution application, in addition to dismissing the submitted complaint, to the effect that renders the judgment enforceable.

Based on the attachment report dated September 20, 2023, Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("Major shareholder") enforced the attachment on cash at banks and securities, which are sold under auction, owned by the Parent Company. The proceeds from sale were deposited at the account of Ministry of Justice - General Department of Execution. They are as follows:

- Shares of Polygon Real Estate Services K.S.C. (Closed) and its subsidiaries (former subsidiary); consequently, the Company closed investment credit account in the subsidiary at an amount of KD 2,165,923 and recorded a provision amounting to KD 2,152,502 for the total debit balance in favor of the Company, and this resulted in a gain on disposal of subsidiary amounting to KD 13,421.

- Financial assets at fair value through other comprehensive income ("FVOCI") (Note 8), consequently, these assets were derecognized from the Company's records.

The proceeds from sale of securities amounted to KD 417,284 and from the attached cash balances amounted to KD 29,590. Accordingly, the total amount deposited at the account of the Ministry of Justice - General Department for Execution amounted to KD 446,874. Subsequent to the reporting date, Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("Major shareholder") withdrew all amounts that have been placed in execution file.

b) During the year ended December 31, 2020, one of the subsidiaries ("Sidra Limited Company") ("the subsidiary") which is located in the United Arab Emirates, recognized provisions for legal claims amounting to AED 22,396,033, equivalent to KD 1,874,346 based on the verdicts issued From Dubai Courts as follows:

1) On October 24, 2018, the Dubai First Instance Court rendered its in verdict in the Case No. 586/2017 obligated the subsidiary to pay an amount of AED 15,716,382 in addition to the due interest representing %9 of the principal amount, which is equivalent to KD 1,740,324.

2) Case No. 283/2016, in which, a verdict was issued requiring the subsidiary to pay an amount of AED 11,151,174 in addition to the due interest representing %9 of the principal amount, which is equivalent to KD 1,320,958.
Accordingly, the subsidiary recognized a provision for legal cases under accounts payable and other credit balances in previous years to meet the contingent liabilities arising from such lawsuits amounting to KD 1,721,158 to meet the outstanding cases against the Group, in addition to due amounts recognized under accounts payable and other credit balances.

33- Contingent liabilities

At December 31, the Group is contingently liable in respect of the following:

	2023	2022
Letters of guarantee	**114,199**	114,199

The letters of guarantee were obtained from local banks against a cash cover held by those banks amounting of KD 114,826 (2022: KD 114,826) (Note 3).