FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH
INDEPENDENT AUDITOR'S REPORT

FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
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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RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

INDEPENDENT AUDITOR'S REPORT

The Shareholders
First Dubai Real Estate Development Company - K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Dubai Real Estate Development Company - K.S.C. (Public) (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 a summary of material accounting policies information.

In our opinion, 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 Opinion

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

Emphasis of Matter

We would like to draw attention to Note 26 to the consolidated financial statements, which states that First Dubai Real Estate Development Company - K.S.C.P. (Parent Company) and Al Mazaya Holding Company - K.S.C.P. (Ultimate Parent Company) are entering into a Merger by Amalgamation, where Al Mazaya Holding Company - K.S.C.P. will be the "Merging" company and First Dubai Real Estate Development Company - K.S.C.P. will be the "Merged" company. Our opinion is not qualified in respect to this matter.

RSM Albazie & Co. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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 without providing a separate opinion on these matters. We identified the following key audit matter:

Valuation of investment properties

Investment properties amounting to KD 36,550,171 as of December 31, 2023 form a significant part of the total assets of the Group. The determination of the fair value of such properties is a subjective area and is highly dependent on judgements and estimates. Accordingly, the valuation of investment properties is considered a key audit matter. The Group performs an annual valuation exercise through licensed valuers to determine the fair value of the investment properties. These valuations are dependent on certain key assumptions such as estimated rental revenues, discount rates, occupancy rates, market knowledge, developers' risk and historical transactions. In estimating the fair value of investment properties, valuers used the income capitlization and comparable market prices and had considered the nature and usage of the investment properties. We reviewed the valuation reports from the licensed valuers on a samples base and checked the adequacy of disclosures in the consolidated financial statements, which is included in (Note 9).

Other Information included in the Group's annual report for the year ended December 31, 2023

Management is responsible for the other information. "Other information" consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditors' report thereon. We obtained the consolidated financial statements included in the report of the Parent Company's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2023 Annual Report after the date of our auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion thereon.

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

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

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

Those charged with governance are assigned for overseeing and supervision of the consolidated financial statements preparation.

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

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

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

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

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

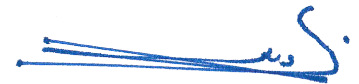
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

Furthermore, we are not aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2023 that might have had a material effect on the Group's financial position or results of its operations.



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

State of Kuwait
February 18, 2024

FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinars)

	Note	2023	2022
ASSETS			
Current assets:			
Cash and cash equivalents	3	**6,054,393**	1,153,485
Financial assets at fair value through profit or loss	4	**287**	79,855
Accounts receivable and other debit balances	5	**173,900**	204,889
Properties held for trading	6	**8,297,849**	96,603
Assets classified as held for sale	7	**-**	15,154,762
Total current assets		**14,526,429**	16,689,594
Non-current assets:			
Financial assets at fair value through other comprehensive income	8	**1,763,630**	4,059,296
Due from a related party	13	**19,428,752**	-
Investment properties	9	**36,550,171**	55,847,719
Investment in an associate	10	**15,808,848**	15,049,916
Total non-current assets		**73,551,401**	74,956,931
Total assets		**88,077,830**	91,646,525
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other credit balances	11	**4,998,088**	5,548,954
Advances from customers		**1,382,114**	553,820
Liabilities relating to assets classified as held for sale	7	**-**	248,285
Total current liabilities		**6,380,202**	6,351,059
Non-current liabilities:			
Islamic bank facilities	12	**4,064,284**	4,578,571
Due to a related party	13	**-**	5,982,415
Provision for end of services indemnity		**167,416**	167,023
Total non-current liabilities		**4,231,700**	10,728,009
Total liabilities		**10,611,902**	17,079,068
Equity:			
Capital	14	**73,542,930**	73,542,930
Employees' share option reserve		**66,140**	66,140
Other reserves		**(320,567)**	(320,567)
Fair value reserve		**(5,126,631)**	(3,337,340)
Share of other comprehensive income of an associate		**46,347**	43,275
Foreign currencies translation adjustments		**4,726,783**	4,301,331
Foreign currencies translation adjustments relating to assets classified as held for sale		**-**	139,095
Accumulated losses		**(345,780)**	(4,583,250)
Equity attributable to shareholders of the Parent Company		**72,589,222**	69,851,614
Non-controlling interests	21	**4,876,706**	4,715,843
Total equity		**77,465,928**	74,567,457
Total liabilities and equity		**88,077,830**	91,646,525

The accompanying notes from (1) to (26) form an integral part of the consolidated financial statements

Loay Sami Al-Ibrahim
Chairman

FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinars)

	Note	**2023**	2022 (Restated)
Revenue:			
Revenue from sale of properties held for trading		**106,765**	198,294
Rental income		**2,098,998**	2,839,356
Total revenue		**2,205,763**	3,037,650
Cost:			
Cost of sale of properties held for trading	6	**(97,377)**	(129,613)
Rental cost		**(645,531)**	(660,275)
Total cost		**(742,908)**	(789,888)
Gross profit		**1,462,855**	2,247,762
Allowance for expected credit losses no longer required (allowance for expected credit losses)	5 , 7	**64,264**	(269,505)
Reversal of impairment loss (impairment loss) on properties held for trading	6	**389**	(21,467)
Partial gain from termination of sale of a subsidiary	7	**400,000**	-
Change in fair value of investment properties	7 , 9	**(785,963)**	(6,642,735)
Net gain on sale of investment properties		**4,277,363**	6,360
Group's share of results from an associate	10	**755,860**	722,038
General and administrative expenses		**(608,797)**	(654,837)
Operating profit (loss)		**5,565,971**	(4,612,384)
Net (loss) gain on financial assets	17	**(12,256)**	2,013
Net other expenses		**(232,228)**	(65,512)
Finance costs		**(301,475)**	(223,666)
Profit (loss) for the year before National Labor Support Tax and Contribution to Zakat		**5,020,012**	(4,899,549)
National Labor Support Tax		**(107,236)**	-
Contribution to Zakat		**(10,735)**	-
Profit (loss) for the year		**4,902,041**	(4,899,549)
Attributable to:			
Shareholders of the Parent Company		**4,237,470**	(4,839,456)
Non-controlling interests		**664,571**	(60,093)
Profit (loss) for the year		**4,902,041**	(4,899,549)
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company (Fils)	19	**5.76**	(6.51)

The accompanying notes from (1) to (26) form an integral part of the consolidated financial statements

FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinars)

	Note	**2023**	2022 (Restated)
Profit (loss) for the year		**4,902,041**	(4,899,549)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Group's share of other comprehensive income from an associate	10	**3,072**	10,527
Foreign currency transaction adjustments		**289,024**	860,943
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Change in fair value of financial assets through other comprehensive income	8	**(2,295,666)**	(611,532)
Total other comprehensive (loss) income for the year		**(2,003,570)**	259,938
Total comprehensive income (loss) for the year		**2,898,471**	(4,639,611)
Attributable to:			
Shareholders of the Parent Company		**2,737,608**	(4,470,794)
Non-controlling interests	21	**160,863**	(168,817)
		2,898,471	(4,639,611)

The accompanying notes from (1) to (26) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company													
	Capital	Share premium	Statutory reserve	Voluntary reserve	Employee' share option reserve	Other reserves	Fair value reserve	Share of other comprehensive income of an associate	Foreign currencies translation adjustments	Foreign currencies translation adjustments relating to assets classified as held for sale	Accumulated losses	Sub-total	Non-controlling interests	Total
Balance at January 1, 2022	100,000,000	2,760	1,206,469	1,206,469	66,140	(320,567)	(2,834,532)	32,748	3,587,683	(8,200)	(28,616,562)	74,322,408	4,884,660	79,207,068
Loss for the year	-	-	-	-	-	-	-	-	-	-	(4,839,456)	(4,839,456)	(60,093)	(4,899,549)
Other Comprehensive (loss) income for the year	-	-	-	-	-	-	(502,808)	10,527	713,648	147,295	-	368,662	(108,724)	259,938
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(502,808)	10,527	713,648	147,295	(4,839,456)	(4,470,794)	(168,817)	(4,639,611)
Setting of accumulated losses (Note 20)	(26,457,070)	(2,760)	(1,206,469)	(1,206,469)	-	-	-	-	-	-	28,872,768	-	-	-
Balance at December 31, 2022	73,542,930	-	-	-	66,140	(320,567)	(3,337,340)	43,275	4,301,331	139,095	(4,583,250)	69,851,614	4,715,843	74,567,457
Profit for the year	-	-	-	-	-	-	-	-	-	-	4,237,470	4,237,470	664,571	4,902,041
Other Comprehensive (loss) income for the year	-	-	-	-	-	-	(1,789,291)	3,072	97,508	188,849	-	(1,499,862)	(503,708)	(2,003,570)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(1,789,291)	3,072	97,508	188,849	4,237,470	2,737,608	160,863	2,898,471
Transferred from foreign currency translation adjustment relating to assets classified as held for sale (Note 7)	-	-	-	-	-	-	-	-	327,944	(327,944)	-	-	-	-
Balance at December 31, 2023	**73,542,930**	**-**	**-**	**-**	**66,140**	**(320,567)**	**(5,126,631)**	**46,347**	**4,726,783**	**-**	**(345,780)**	**72,589,222**	**4,876,706**	**77,465,928**

The accompanying notes from (1) to (26) form an integral part of the consolidated financial statements

FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023
(All amounts are in Kuwaiti Dinars)

	2023	2022
Cash flows from operating activities:		
Profit (loss) for the year before National Labor Support Tax and Contribution to Zakat	**5,020,012**	(4,899,549)
Adjustments:		
Net loss (gain) on financial assets	**12,256**	(2,013)
(Allowance for expected credit losses no longer required) allowance for expected credit losses	**(64,264)**	269,505
(Reversal of impairment loss) impairment loss on properties held for trading	**(389)**	21,467
Partial gain from termination of sale of a subsidiary	**(400,000)**	-
Change in fair value of investment properties	**785,963**	6,642,735
Net gain on sale of investment properties	**(4,277,363)**	(6,360)
Group's share of results from an associate	**(755,860)**	(722,038)
Finance costs	**301,475**	223,666
Provision for end of service indemnity	**22,615**	28,728
	644,445	1,556,141
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**169,460**	(76,969)
Investment properties held for trading	**51,305**	129,613
Accounts payable and other credit balances	**(171,571)**	449,703
Advances from customers	**828,294**	553,820
Due from / to a related party	**(24,954,491)**	87,291
Cash flows (used in) generated from operations	**(23,432,558)**	2,699,599
National Labor Support Tax paid	**-**	(21,295)
Zakat paid	**-**	(1,423)
End of service indemnity paid	**(24,360)**	(67,386)
Net cash flow (used in) generated from operating activities	**(23,456,918)**	2,609,495
Cash flows from investing activities:		
Net movement on restricted cash balances	**(5,454,538)**	-
Proceeds from sale of financial assets at fair value through profit or loss	**76,547**	-
Paid for additions on investment properties	**(67,362)**	(46,875)
Proceeds from sale of investment properties	**29,314,204**	69,413
Net movement on assets / liabilities classified as held for sale	**(550,089)**	(158,030)
Cash dividend received	**-**	88,718
Net cash flows generated from (used in) investing activities	**23,318,762**	(46,774)
Cash flows from financing activities:		
Net movement on Islamic bank facilities	**(514,287)**	(1,421,429)
Finance costs paid	**(304,136)**	(219,666)
Net cash flows used in financing activities	**(818,423)**	(1,641,095)
Net (decrease) increase in cash and cash equivalents	**(956,579)**	921,626
Foreign currency translation adjustments	**(346,434)**	128,673
Cash and cash equivalents relating to assets classified as held for sale (Note 7)	**749,383**	(199,294)
Cash and cash equivalents at beginning of the year (Note 3)	**1,153,485**	302,480
Cash and cash equivalents at end of the year (Note 3)	**599,855**	1,153,485

	2023	2022
Non-cash transaction:		
Additions on investment properties	**(8,610,901)**	(10,125,000)
Disposal of investment properties	**17,220,921**	-
Additions on properties held for trading	**(8,260,020)**	-
Accounts payable and other credit balances	**(350,000)**	4,125,000
Islamic bank facilities	**-**	6,000,000
	-	-

The accompanying notes from (1) to (26) form an integral part of the consolidated financial statements

1. Incorporation and activities of the Parent Company

First Dubai Real Estate Development Company is a Kuwaiti Public Shareholding Company registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation under Ref. No. 1889 / Volume 1 dated April 30, 2003 and its subsequent amendments, the latest of which was notarized in the commercial registry under Ref. No. 94032 dated December 15, 2021 under which the Parent Company's capital reduction was notarized. The Parent Company is listed in Boursa Kuwait.

The principal activities of the Parent Company as per the Articles of Association are as follows:

a) Ownership, selling and buying of real estate properties and lands and developing them for the Company's account inside and outside the State of Kuwait, as well as management of third parties' properties, and all the foregoing in a manner which does not contradict with the provisions and laws stipulated under the existing laws and their prohibition of trading in private residential plots in the manner stated by the said laws;
b) Ownership, selling and buying shares and bonds of real estate companies for the Parent Company's account only inside and outside Kuwait;
c) Preparing feasibility studies and offering consultations in all types of real estate fields, provided the required conditions exist in the persons offering this service;
d) Ownership and management of hotels, health clubs, tourist facilities, renting and leasing them;
e) Conducting maintenance works related to the buildings and properties owned by the Parent Company and third parties, including maintenance works and performance of civil works, mechanical and electrical works, lifts and air conditioning works, to maintain the buildings and their safety;
f) Management, operation, investment, renting and leasing of hotels, clubs, motels, guest houses, rest houses, parks, gardens, showrooms, restaurants, cafeterias, residential complexes, tourism and health resorts, entertainment and sports projects and shops, of the various grades and levels, inclusive of all the original and support services and attached facilities, as well as other necessary services;
g) Organizing real estate exhibitions for the company's real estate projects, as per the applicable systems of the Ministry;
h) Holding real estate auctions as per the applicable systems of the Ministry;
i) Ownership of commercial markets and residential companies and management of the same;
j) Creating and managing real estate funds (following approval of the Central Bank of Kuwait);
k) Using the financial surpluses available with the Group through investing them in financial and real estate portfolios management by specialized companies and authorities;
l) Directly contributing to lay down the infrastructure of the residential, commercial and industrial areas and projects according to build, operate and transfer system "BOT" and real estate utilities management according to BOT system;
m) The Parent Company has the right as well to have interest or to participate with entities that practice similar operations or assist the Company in achieving its objectives inside and outside Kuwait, and such it has the right to establish, form partnership, purchase or merge with those entities.

The Parent Company was registered in the commercial register under Ref. No. 94032 dated May 7, 2003.

The Parent Company is 88.83% owned subsidiary of Al Mazaya Holding Company – K.S.C. (Public) (The Ultimate Parent Company) which is a Kuwait Public Shareholding Company listed in Boursa Kuwait and Dubai Financial Market.

The Parent Company's registered address is P.O. Box 3546, Safat 13036, State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on February 18, 2024 and are subject to the approval of the General Assembly of the Parent Company's shareholders. The Annual General Assembly of the Parent Company's Shareholders has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

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

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Group and are prepared under the historical cost basis, except for Financial assets at fair value through profit or loss ("FVTPL"), Financial assets at fair value through other comprehensive income ("FVTOCI"), and Investment properties which are stated at fair value.

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(z). 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. The amendments do not have any 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. The amendments do not have any material impact on the consolidated financial statements.

New and revised Standards issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed. These amendments are not expected to have a 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 January 1, 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 amendments to IAS 1 – "Classification of Liabilities as Current or Non-current" early. These amendments are not expected to have a 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. These amendments are not expected to have a 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 January 1, 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 a material impact on the consolidated financial statements.

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

Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (%) 2023	2022
Future International Project Management W.L.L.	Kuwait	Projects management	**99%**	99%
Kuwaiti Saudi Real Estate Investment O.P.C.	Kingdom of Saudi Arabia (KSA)	Real estate development	**100%**	100%

Subsidiaries are those enterprises controlled by the Parent Company. 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 the investee returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the company, other vote holders or other parties:
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to 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 interest.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in the consolidated statements of profit or loss.
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

d) 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 offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable, financial assets at fair value through other comprehensive income, due from / to a related party, islamic bank facilities and accounts payable.

d – 1) Financial assets:

d - 1/1) Classification of financial assets

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

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at 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 and none occurred during the year.

Initial recognition

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

Derecognition:

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either:

a) Has transferred substantially all the risks and rewards of ownership of the financial asset, or
b) Has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

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

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

Debt instruments at amortized cost

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Gain and losses are recognized in consolidated statement of profit and 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, and trade receivables are classified as debt instruments at amortized cost.

- **Cash and cash equivalents**

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

- **Trade receivables**

  Receivables are amounts due from customers and tenants for units sold or rent or services performed in the ordinary course of business and are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss.

Equity instruments at FVTOCI

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

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

Financial assets at FTVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see above) 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 (see above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI 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 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.

d - 1/2) Impairment of financial assets

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

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

For 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, where applicable.

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

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

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

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, 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-months 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-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

d – 2)Financial liabilities:

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

Financial liabilities at amortized cost

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

- Accounts payable

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

- Islamic bank facilities

  Islamic bank facilities represent tawarruq, ijara and musharaka facilities which represent the amounts due to pay for purchased assets on deferred basis as per the credit facility agreements. Their balances are reported with full credit balances after deducting finance charges amounts pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective cost method.

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

d – 3)<u>Offsetting of financial assets and liabilities:</u>
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

e- <u>Properties held for trading</u>
Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading is charged to other operating expenses.

f- <u>Investment properties</u>
Investment properties comprise completed property, property under construction or re-development and rights to use real estate assets (Note 2 – s) that are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss for the period in which they arise.

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

Investment properties are derecognized when either they have been disposed 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 consolidated statement of profit or loss.

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

g- Investment in associates

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

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

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

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

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

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

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

h- Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortized. Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.

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

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

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Non-current assets that cease to be classified as held for sale (or cease to be included in a disposal group classified as held for sale) are measured at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

i- Impairment of non-financial assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in 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- End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor 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.

k- Dividend distribution to shareholders

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

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

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

l- 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.

m- Share premium

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

n- Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium, respectively.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

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

o- Other reserve

Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

p- Revenue from contracts with customers

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

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

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

The Group exercises judgement, taking into consideration all 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 performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

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

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

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

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

Revenue for the Group arises from the following activities:

- Sale of properties held for trading:
  Revenue is recognized when control over the property has been transferred to the customer either at a point in time or over time according to the contracted terms. The properties have generally no alternative use for the Group due to contractual restrictions, and control is deemed to be transferred to the customer during the development period when the Group had an enforceable right to payment for performance completed to date. Therefore, revenue is recognized and measured at the transaction price agreed under the contract according to the performance completed.

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

- Management Fees
  Management Fees income is recognized, when earned, on a time apportionment basis.

- Other income
  Other income are recognized on an accrual basis.

q- 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 recognised in a business combination

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

Onerous contracts

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

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

Provisions are not recognized for future operating losses.

r- Borrowing costs

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

s- Leases

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

(i) Finance lease:
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) 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. The Group recognizes a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is the lessee.

(i) Right of use assets:
The Group recognizes right to use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right to use assets includes the amount of lease liabilities recognized (which represents the present value of the lease payments to be made over the lease team discounted using lessee's increment borrowing rate at the commencement date of the lease contract), initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the right to use assets is measured in accordance with the accounting policy followed by the Group to measure similar assets.

Right of use assets that meet the definition of property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Rights to use assets that meet the definition of investment properties are recorded as investment properties for the Group and are measured at fair value which reflects the expected cash flows during the lease term that excludes the lease payments to be made over the lease term which is measured and included in the Group's liabilities within the consolidated statement of financial position.

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of related finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets:
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(iv) Significant judgment in determining the lease term of contracts with renewal options:
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercise, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event of significant change in circumstance occurs which affects this assessment and that is within the control of the lessee.

t- National Labor Support Tax (NLST)
National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates 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.

u- Zakat
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations.

v- 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 period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the financial 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 period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in the consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

w- 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.

x- Segment reporting

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

y- Share based payment

The Group operates an equity-based payment plan to its employees. Under the terms of the plan, shares are granted to permanent employees. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of the shares is measured based on market prices available taking into account the terms and conditions upon which those shares were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

z- Critical accounting estimates and judgments

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

i. Judgments

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

a) 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 - p) are met requires significant judgment.

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

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

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

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

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

c) Allowance for expected credit losses
The determination of expected credit losses and the factors determining the impairment of the receivable involve significant judgment.

d) 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).

e) Material non-controlling interests
The Parent Company's management considers any non-controlling interests which accounts for more than 10% of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in (Note 21).

f) Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

g) 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.

h) Significant influence assessment
When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the entities.

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

ii. Estimates and assumptions

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

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

b) 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.

c) Allowance for expected credit losses:
The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note (5). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

d) Valuation of investment properties
The Group carries its investment properties at fair value, with change in fair values being recognized in consolidated statement of profit or loss. The following methods were used to determine the fair value of the investment properties:

(a) Income approach, where the property's value is estimated by an independent real estate appraiser based on the its income produced, and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

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

(c) Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

e) Valuation of properties held for trading:
Inventory property is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to sell the property, and an estimate of the time value of money to the date of completion.

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

g) Employee stock option plan
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock option plan transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

h) Taxes
The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

i) 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 and at banks	**6,054,393**	1,116,146
Cash at portfolios	**-**	37,339
	6,054,393	1,153,485
Less: restricted cash and bank balances (a)	**(5,454,538)**	-
Cash and cash equivalents as represented for the consolidated statement of cash flows	**599,855**	1,153,485

(a) Represent bank balances restricted as collateral for some Islamic bank facilities granted to the Ultimate Parent Company, which may not be available for use within 90 days.

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

	2023	2022
Quoted equity securities	**287**	79,855

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**79,855**	125,236
Additions	**-**	82,274
Disposals	**(74,998)**	(82,274)
Change in fair value (Note 17)	**(4,570)**	(45,381)
Balance at end of the year	**287**	79,855

The valuation techniques and measurement levels of these financial assets are disclosed in (Note 24).

5. Accounts receivable and other debit balances

	2023	2022
Trade receivables (a)	**1,229,192**	1,124,336
Prepaid expenses and others	**34,983**	11,841
Other receivables	**143,538**	236,398
	1,407,713	1,372,575
Less: allowance for expected credit losses (b)	**(1,233,813)**	(1,167,686)
	173,900	204,889

a) Trade receivables
Trade receivables are non-interest bearing and are generally due within 30 days.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables, as these items do not have a significant financing component. In measuring the expected credit losses, 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 payment profile for transactions over the past 48 months 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.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2023					
	Less than 30 days	31 – 60 days	61 – 90 days	91 - 180 days	More than 180 days	Total
Expected credit loss rate	**12.58%**	**20.11%**	**25.47%**	**69.22%**	**100%**	**-**
Gross carrying amount	**23,679**	**24,749**	**4,880**	**91,558**	**1,084,326**	**1,229,192**
Allowances for expected credit loss	**2,978**	**4,978**	**1,243**	**63,376**	**1,084,326**	**1,156,901**

	2022					
	Less than 30 days	31 – 60 days	61 – 90 days	91 - 180 days	More than 180 days	Total
Expected credit loss rate	16.26%	31.69%	47.54%	95.08%	100%	-
Gross carrying amount	23,750	11,275	7,007	45,867	1,036,437	1,124,336
Allowances for expected credit loss	3,861	3,573	3,331	43,610	1,036,437	1,090,812

b) Allowance for expected credit losses

The movement in allowance for expected credit losses is as follows:

	Trade Receivable	Other receivables	**2023**	2022
Balance at the beginning of the year	1,090,812	76,874	**1,167,686**	1,110,787
Effect of reclassification from assets classified as held for sale (Note 7)	55,087	-	**55,087**	-
Charge for the year	103,175	-	**103,175**	342,332
Allowance for expected credit losses no longer required	(43,684)	-	**(43,684)**	(250,638)
Utilized in the year	(41,937)	-	**(41,937)**	(42,303)
Foreign currency translation adjustments	(6,552)	38	**(6,514)**	7,508
Balance at the end of the year	1,156,901	76,912	**1,233,813**	1,167,686

6. Properties held for trading

The properties held for trading represent properties developed outside State of Kuwait. The movement of properties held for trading is as follows:

	2023	2022
Balance at the beginning of the year	**96,603**	244,951
Additions (a)	**8,306,092**	-
Disposals	**(97,377)**	(129,613)
Reversal of impairment loss (impairment loss)	**389**	(21,467)
Foreign currency translation adjustments	**(7,858)**	2,732
Balance at the end of the year	**8,297,849**	96,603

a) During the year ended December 31, 2023, the Group had exchanged the "Advances to purchase of properties" that were previously acquired as part of land swap deal (Note 9) for other properties in United Arab Emirates amounting to KD 8,260,020.

Net realizable value for properties held for trading is based on valuations performed by independent valuers in compliance with the Executive Regulations of Capital Markets Authority regarding the valuation of real estate properties.

7. Assets and liabilities classified as held for sale

During the year ended December 31, 2021, the Board of Directors approved the disposal of all the shares of Kuwaiti Saudi Real Estate Investment Company – O.P.C. (subsidiary in the Kingdom of Saudi Arabia) against cash and in kind consideration with a net amount of 15,500,000 Kuwaiti dinars .The assets and liabilities attributable to the subsidiary have been classified as a disposal group held for sale and are presented separately in the statement of financial position.

Subsequently, and during the year ended December 31, 2022, that transaction was partially executed by transferring part of the in-kind consideration to the Parent Company by transferring investment properties amounting to KD 10,125,000 along with an attached mortgage in favor of a local bank for an amount of KD 6,000,000 in addition to a partial payment of the cash consideration in the amount of KD 450,000 that had resulted in an obligation of KD 4,575,000 which was recorded under the Accounts payable and other credit balances till the completion of the remaining transaction terms by both parties and recording the full financial impact in the consolidated financial statements at that time.

During the year ended December 31, 2023, the parties signed a termination and settlement agreement for this transaction due to the second party's (the buyer) inability to fulfill his remaining obligations to complete the deal, which led the parties to terminate the deal and agree on a final settlement which includes the buyer's undertaking to assume a bank debt amounting to KD 4,000,000 relating to the properties previously transferred to the Parent Company, in addition to the payment of KD 150,000 to the Parent Company within one year period from signing the termination and settlement agreement as a final settlement between the parties. On the other hand, the Parent Company shall retransfer back to the buyer the ownership of the properties subject to that settlement which were previously transferred to it within the terms of this transaction.

The termination of that transaction resulted in the reclassification of the assets classified as held for sale and their related liabilities back to the Group's assets and liabilities, as well as reclassifying the results of operations pertaining to that subsidiary in the Kingdom of Saudi Arabia (Kuwaiti Saudi Real Estate Investment Company - O.P.C.) within the continuing operations, till the completion of the termination and settlement procedures between the parties. As at December 31, 2023, The Parent Company had re-transferred the ownership of one of the properties subject to that settlement back to the buyer as part of the termination and settlement procedures. That transfer had resulted in a partial gain from the termination of that sale transaction amounting to KD 400,000 which have been recognized in the consolidated statement of profit or loss for the year ended December 31, 2023.

Subsequent to the date of the accompanying consolidated financial statements, the parties have completed and executed all other procedures related to the termination and settlement agreement, which had resulted in the derecognition of the remaining liabilities, properties and other balances related to that transaction and hence, recognizing a gain of KD 1,125,000 as follows:

	Amount
Derecognition of the remaining liabilities towards the buyer	3,825,000
Derecognition of Islamic bank facilities incurred by the buyer	4,000,000
Amounts due to be collected from the buyer within one year	150,000
Book value of other properties retransferred back to the buyer	(6,850,000)
Gain from the transaction's termination and settlement	1,125,000

The assets and liabilities of the consolidated subsidiary that had been reclassified are summarized as follows:

	2023
Assets:	
Cash on hand and at banks	749,383
Accounts receivable and other debit balances	52,884
Investment properties (Note 9)	14,714,944
Total assets	15,517,211
Liabilities:	
Accounts payable and other credit balances	293,471
Provision for end of services indemnity	1,485
Total liabilities	294,956
Net assets	15,222,255

The assets and liabilities comprising the disposal group classified as held for sale in the comparative year are summarized as follows:

	2022
Assets:	
Cash on hand and at banks	199,294
Accounts receivable and other debit balances	74,207
Investment properties	14,881,261
Total assets classified as held for sale	15,154,762
Liabilities:	
Accounts payable and other credit balances	246,159
Provision for end of services indemnity	2,126
Total liabilities relating to assets classified as held for sale	248,285
Net assets classified as held for sale	14,906,477

Certain investment properties with a carrying value amounting to KD Nil (2022 - KD 5,297,272) are pledged to banks against credit facilities provided to the Ultimate Parent Company.

The Group has complied with the executive regulations of the Capital Markets Authority regarding investment property valuation guidelines. The fair value of the investment properties was arrived at by independent valuators unrelated to the group and certified with experience and professionalism using recognized valuation principles and methods. For the purposes of estimating the fair value of the investment properties, the valuers have used the income capitalization as the basis for valuing these properties that are used as commercial premises and fall under Level 3 fair value measurements.

The results of operation related to the subsidiary that had been reclassified are as follows :

	2023	2022
Revenue:		
Rental income	**564,728**	749,500
Net management fees and commission income	**31,560**	41,098
Total revenue	**596,288**	790,598
Cost:		
Rental cost	**(163,627)**	(162,839)
Total cost	**(163,627)**	(162,839)
Gross profit	**432,661**	627,759
Change in fair value of investment properties	**(350,797)**	(428,306)
General and administrative expenses	**(21,099)**	(28,465)
Net allowance for expected credit losses no longer required (allowance for expected credit losses)	**123,755**	(177,811)
Operating profit (loss)	**184,520**	(6,823)
Net other expenses	**(22,347)**	(10,341)
Profit (loss) for the period / year	**162,173**	(17,164)

8. Financial assets at fair value through other comprehensive income ("FVTOCI")

	2023	2022
Unquoted equity securities	**1,136,974**	3,481,266
Investment funds	**626,656**	578,030
	1,763,630	4,059,296

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**4,059,296**	4,670,828
Change in fair value	**(2,295,666)**	(611,532)
Balance at the end of the year	**1,763,630**	4,059,296

Financial assets at FVTOCI amounting to KD Nil (2022 – KD 4,059,296) are pledged against credit facilities provided to the Ultimate Parent Company.

The valuation techniques and measurement levels of these financial assets are disclosed in (Note 24).

9. Investment properties

The investment properties constitute of the following:

	2023	2022
Developed properties	**36,550,171**	38,896,987
Lands	**-**	16,950,732
	36,550,171	55,847,719

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**55,847,719**	51,570,582
Reclassification from assets classified as held for sale (Note 7)	**14,714,944**	-
Additions (a)	**8,678,263**	10,171,875
Disposals (b)	**(42,257,762)**	(63,053)
Change in fair value	**(435,166)**	(6,214,429)
Foreign currency translation adjustments	**2,173**	382,744
Balance at the end of the year	**36,550,171**	55,847,719

(a) During the year ended December 31, 2023, the Group had executed a swap deal for its land plots in the United Arab Emirates with the master developer amounting to KD 16,600,732 which are included in "disposals" in exchange for other land plots amounting to KD 8,610,901 which are included in "additions", in addition to the rights to purchase other land plots that were recognized as "Advances to purchase properties" amounting to KD 8,260,020 which were in exchanged for other properties in United Arab Emirates (Note 7).

(b) Disposals include the re-transfer of the ownership for a property related to the termination and settlement of the sale transaction of a subsidiary to the second party (buyer) amounting to KD 350,000 (Note 7).

The Group had complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties. The fair value of investment properties is based on valuations performed by independent valuers using recognized valuation techniques and principles.

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

		2023		
Class of investment property	Valuation technique	Level 2	Level 3	Total
Residential buildings	Comparable market prices	**15,248,626**	**-**	**15,248,626**
Commercial complexes	Income capitalization	**-**	**21,301,545**	**21,301,545**
Total		**15,248,626**	**21,301,545**	**36,550,171**

		2022		
Class of investment property	Valuation technique	Level 2	Level 3	Total
Residential buildings	Comparable market prices	29,873,561	-	29,873,561
Residential buildings	Income capitalization	-	1,740,000	1,740,000
Commercial complexes	Comparable market prices	232,426	-	232,426
Commercial complexes	Income capitalization	-	7,051,000	7,051,000
Lands	Comparable market prices	16,950,732	-	16,950,732
Total		47,056,719	8,791,000	55,847,719

Certain investment properties amounting to KD 6,850,000 (2022 – 8,791,000) are pledged as collateral against credit facilities granted to the Parent Company (Note 12). Also, certain investment properties amounting to KD 15,248,626 (2022 - KD 46,106,482) are pledged as collateral against credit facilities granted to the Ultimate Parent Company.

Subsequent to the date of the consolidated financial statements, the mortgage of investment properties amounting to KD 6,850,000 was released, as the Parent Company had fully settled the credit facilities granted against those properties (Note 12).

10. Investment in an associate

			Percentage of ownership %		Amount	
Name of Company	Country of incorporation	Principal activities	**2023**	2022	**2023**	2022
Al Mazaya Real Estate Development Company K.S.C (Closed)	Kuwait	Real Estate Development	**20%**	20%	**15,808,848**	15,049,916

The movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**15,049,916**	14,317,351
Group's share of results from associate	**755,860**	722,038
Group's share of associate's other comprehensive income	**3,072**	10,527
Balance at the end of the year	**15,808,848**	15,049,916

Summarized financial information of the associate is as follows:

Summarized consolidated statement of financial position:

	2023	2022
Assets	**79,972,921**	76,236,105
Liabilities	**767,561**	874,051
Equity	**79,205,360**	75,362,054
Adjustments	**(161,120)**	(112,472)
	79,044,240	75,249,582
Percentage of ownership	**20%**	20%
Carrying value	**15,808,848**	15,049,916

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

	2023	2022
Revenue	**5,493,588**	5,381,073
Profit for the year	**3,779,301**	3,610,190
Share of results from an associate	**755,860**	722,038

11. Accounts payable and other credit balances

	2023	2022
Trade payables (a)	**3,388,941**	4,137,282
Revenue received in advance	**362,004**	409,388
Accrued expenses and others	**1,247,143**	1,002,284
	4,998,088	5,548,954

a) Trade payables are non-interest bearing and are normally settled on average period of 60 days.

12. Islamic bank facilities

Islamic bank facilities represent tawarruq facilities granted by a local bank, which carries an average cost of 2.75% over the Central Bank of Kuwait discount rate and is repayable in several installments with the final installment due on October 31, 2028.

These facilities represent tawarruq facilities as follows:

	2023	2022
Non-current portion:		
Gross payable amount	**4,069,740**	4,645,131
Less: unamortized future finance charge	**(5,456)**	(66,560)
Carrying value	**4,064,284**	4,578,571

Islamic bank facilities are secured by pledging investment properties amounting to KD 6,850,000 (2022 – 8,791,000). Subsequent to the date of the consolidated financial statements, the pledge was released for these investment properties, as the Parent Company had fully settled the bank facilities granted against those properties (Note 9).

13. Related party disclosures

The Group has entered into various transactions with related parties, i.e. Major shareholders, Board of directors, Executives for the group, key management personnel, associate, and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	The Ultimate Parent Company	**2023**	2022
Financial assets at fair value through profit or loss	287	**287**	239
Due from a related party (a)	19,428,752	**19,428,752**	-
Due to a related party (a)	-	**-**	5,982,415

(a) The Parent Company is currently in the process of merging with the Ultimate Parent Company by Amalgamation (Note 26), whereby this entire balance will then be settled between the two parties.

Transactions included in the consolidated statement of profit or loss:

	The Ultimate Parent Company	**2023**	2022
Rental income	13,202	**13,202**	13,154
Revenue from sale of properties held for trading	34,332	**34,332**	-
Rental cost	(34,635)	**(34,635)**	(81,723)
Net gain (loss) on financial assets	48	**48**	(142)
General and administrative expenses	(63,588)	**(63,588)**	(55,428)
Net other expenses	(12,608)	**(12,608)**	-

Compensation to key management personnel:

	2023	2022
Short term benefits	**34,567**	93,145
End of service indemnity	**3,081**	8,325
BOD committees remuneration	**32,500**	32,500
	70,148	133,970

14. Capital

The authorized, issued and paid up capital consists of 735,429,300 shares (2022 – 735,429,300 shares) of 100 fils each and all shares are in cash.

15. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 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 annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Since there are accumulated losses, there were no transfer to statutory reserve during the year ending December 31, 2023.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there are accumulated losses, there were no transfer to voluntary reserve during the year ending December 31,2023.

17. Net (loss) gain on financial assets

	2023	2022
Realized gain from sale of financial assets at FVTPL	**1,549**	-
Unrealized loss from changes in fair value of financial assets at FVTPL (Note 4)	**(4,570)**	(45,381)
Dividend income	**-**	56,741
Portfolios' management fees	**(9,235)**	(9,347)
	(12,256)	2,013

18. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS):

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve. The Parent Company had settled all the amounts due to Kuwait Foundation for the Advancement of Sciences till December 31, 2022.

No KFAS has been provided for since there was no eligible profit subject to KFAS after setting off the accumulated losses for the year ended December 31, 2023.

19. Basic and diluted earnings (loss) per share

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

	2023	2022
Profit (loss) for the year attributable to Shareholders of the Parent Company	**4,237,470**	(4,839,456)
Number of outstanding shares (share)	**735,429,300**	1,000,000,000
Less: Impact of capital reduction	**-**	(256,597,336)
Weighted average number of shares outstanding (share)	**735,429,300**	743,402,664
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company's (fils)	**5.76**	(6.51)

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

20. General Assembly and Parent Company's Board of Directors:

The Parent Company's Board of Directors' meeting held on February 18, 2024 recommended not

- Not to distribute dividends or bonus shares for the year ended December 31, 2023.
- Not to pay remuneration to the Board of Directors for the year ended December 31, 2023.

These recommendations are subject to the approval of the Parent Company's Shareholders' Annual General Assembly meeting.

The Parent Company Shareholders' Annual General Assembly meeting held on March 14, 2023 approved the consolidated financial statements for the year ended December 31, 2022, and approved not to distribute cash dividends or bonus shares, and not to distribute remuneration for Board of Director for the financial year ended December 31, 2022.

On December 24, 2023, and among the legal procedures required to complete the merger of the Parent Company "First Dubai Real Estate Development Company - K.S.C.P. " with Al Mazaya Holding Company - K.S.C.P. (Holding), the Shareholders Extraordinary General Assembly of the Parent Company had approved the draft merger contract as well as the merger through amalgamation between Al Mazaya Holding Company K.S.C.P. (Ultimate Parent Company) and First Dubai Real Estate Development Company K.S.C.P (Parent Company) along with the timetable and dates related to the entitlement of shares to be swapped as a result of the merger after completing all relevant regulatory approvals (Note 26).

The Parent Company's Shareholders' Extraordinary General Assembly meeting held on November 22, 2021 approved to set-off the accumulated losses amounting to KD 28,872,768 as per the audited consolidated financial statements for the year ended December 31, 2020 as follows:

- Reducing the full balance of voluntary reserve by an amount of KD 1,206,469.
- Reducing the full balance of share premium by an amount of KD 2,760.
- Reducing the full balance of statutory reserve by an amount of KD 1,206,469.
- Reducing the capital by an amount of KD 26,457,070.

It was notarized to reduce the Parent Company's capital from KD 100,000,000 to KD 73,542,930 with total reduction of KD 26,457,070 by cancelling 264,570,700 shares of the company's shares with par value of 100 fils per share in the commercial registry under Ref. No. 94032 dated December 15, 2021. All the necessary procedures have been completed in this regard and the Parent Company's shareholder's register was amended with the impact of that reduction on January 12, 2022. Accordingly, the transaction was recorded during the year ended December 31, 2022.

21. Principal subsidiary with major non - controlling interests which are material to the Group

Principal subsidiary with major non - controlling interests which are material to the Group represented in Waterfront Real Estate Company K.S.C. (Closed), which is a subsidiary of Future International Project Management W.L.L by 78.4% ownerhsip.

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

Summarized statement of financial position:

	2023	2022
Current assets	**8,311,560**	1,660,584
Current liabilities	**38,613**	8,970
Net current assets	**8,272,947**	1,651,614
Non-current assets	**14,304,123**	20,180,725
Net non-current assets	**14,304,123**	20,180,725
Net assets	**22,577,070**	21,832,339
Net assets attributable to Group	**17,700,364**	17,116,496
Net assets attributable to NCI	**4,876,706**	4,715,843

Summarized statement of profit or loss and other comprehensive income:

	2023	2022
Revenue	**3,218,464**	660
Other expenses and charges	**(141,747)**	(278,871)
Profit (loss) for the year	**3,076,717**	(278,211)
Other comprehensive loss	**(2,331,986)**	(503,344)
Total comprehensive income (loss) for the year	**744,731**	(781,555)
Comprehensive income (loss) attributable to Group	**583,868**	(612,738)
Comprehensive income (loss) income attributable to NCI	**160,863**	(168,817)

22. Segment information

The Group is organized into three geographic segments that comprise Kuwait, UAE, and KSA to manage its main activities in real estate sector. There are no transactions that generate revenue between the Group's segments. The information related to geographic segments is as follows:

	2023			
	Kuwait	UAE	KSA	Total
Rental income	**461,915**	**928,066**	**815,782**	**2,205,763**
Cost of revenue	**(19,925)**	**(495,113)**	**(227,870)**	**(742,908)**
Gross profit	**441,990**	**432,953**	**587,912**	**1,462,855**
Change in fair value of investment properties	**(201,000)**	**(74,627)**	**(510,336)**	**(785,963)**
Group's share of results from an associate	**755,860**	**-**	**-**	**755,860**
Partial gain from termination of sale of a subsidiary	**400,000**	**-**	**-**	**400,000**
General and administrative expenses	**(556,718)**	**(15,558)**	**(36,521)**	**(608,797)**
Finance costs	**(301,475)**	**-**	**-**	**(301,475)**
Net gain on sale of investment properties	**10,000**	**4,267,363**	**-**	**4,277,363**
Net other income and expenses	**(325,302)**	**(88,987)**	**116,487**	**(297,802)**
Segment profit	**223,355**	**4,521,144**	**157,542**	**4,902,041**
Total segment assets	**49,463,793**	**23,973,371**	**14,640,666**	**88,077,830**
Total segment liabilities	**8,509,683**	**1,665,968**	**436,251**	**10,611,902**

	2022			
	Kuwait	UAE	KSA	Total
Rental income	538,573	1,708,479	790,598	3,037,650
Cost of revenue	(35,245)	(591,804)	(162,839)	(789,888)
Gross profit	503,328	1,116,675	627,759	2,247,762
Change in fair value of investment properties	(1,030,875)	(5,183,554)	(428,306)	(6,642,735)
Group's share of results from an associate	722,038	-	-	722,038
General and administrative expenses	(595,623)	(30,749)	(28,465)	(654,837)
Finance costs	(223,666)	-	-	(223,666)
Net gain on sale of investment properties	-	6,360	-	6,360
Net other income and expenses	(56,904)	(109,415)	(188,152)	(354,471)
Total segment loss	(681,702)	(4,200,683)	(17,164)	(4,899,549)
Total segment assets	28,442,160	48,049,603	15,154,762	91,646,525
Total segment liabilities	15,740,229	1,090,554	248,285	17,079,068

23. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, financial assets at FVTPL, accounts receivables, financial assets at FVTOCI, accounts payables, Islamic bank facilities and due from / to a related party, and 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.

a) Finance cost risk:

Financial instruments are subject to the risk of changes in value due to changes in the level of finance cost for its financial liabilities carrying floating finance cost. The Group is not currently exposed significantly to such risk as the Group had settled its full credit facilities towards banks subsequent to the date of the accompanying consolidated financial statements.

b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents, receivables and due from a related party. The Group's cash and cash equivalent is placed with high credit rating financial institutions. Receivables is presented net of allowance for expected credit losses.

Cash and cash equivalents

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

Accounts receivable

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 activities and country, in which customers operate, has less of an influence on credit risk.

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

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

c) 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.

The following table presents the Group's maturity analysis of the financial assets and liabilities:

	2023				
	1 month	1-3 months	4-12 months	More than 12 months	Total
Accounts payable other credit balances	**3,453,559**	**224,599**	**1,319,930**	**-**	**4,998,088**
Islamic bank facilities	**-**	**-**	**-**	**4,064,284**	**4,064,284**
	3,453,559	**224,599**	**1,319,930**	**4,064,284**	**9,062,372**

	2022				
	1 month	1-3 months	4-12 months	More than 12 months	Total
Accounts payable other credit balances	173,284	511,464	4,864,206	-	5,548,954
Islamic bank facilities	-	-	-	4,578,571	4,578,571
Due to a related party	-	-	-	5,982,415	5,982,415
	173,284	511,464	4,864,206	10,560,986	16,109,940

d) <u>Foreign currency risk</u>:

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 incurs 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 is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and Kuwaiti Dinar.

	2023	
	Increase / (Decrease) against Kuwaiti Dinar	Effect on consolidated statement of other comprehensive income
Arab Emirates Dirham	**± 5%**	**± 417,008**
Saudi Riyal	**± 5%**	**± 186,614**
		± 603,622

	2022	
	Increase / (Decrease) against Kuwaiti Dinar	Effect on consolidated statement of other comprehensive income
Arab Emirates Dirham	± 5%	± 348,525
Saudi Riyal	± 5%	± 177,796
		± 526,321

e) <u>Equity price risk</u>:

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. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio and are continuously monitored. The Group is not currently exposed significantly to such risk due to the immateriality of the quoted financial assets at fair value through profit or loss.

24. <u>Fair value measurement</u>

The Group measures financial assets such as financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and non financial assets such as investment properties at fair value at the end of 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	**287**	**-**	**-**	**287**
Financial assets at FVTOCI	**-**	**626,656**	**1,136,974**	**1,763,630**
Investment properties	**-**	**15,248,626**	**21,301,545**	**36,550,171**
Total	**287**	**15,875,282**	**22,438,519**	**38,314,088**

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	79,855	-	-	79,855
Financial assets at FVTOCI	-	578,030	3,481,266	4,059,296
Investment properties (a)	-	47,056,719	23,672,261	70,728,980
Total	79,855	47,634,749	27,153,527	74,868,131

(a) Investment properties for the comparative year include all the properties included under assets classified as held for sale.

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

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

a. The fair values of the quoted financial assets are based on price quotations at the reporting date.
b. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by using several methods includes the adjusted book value and price multiples as well as the discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
c. The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent accredited valuer having experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. The methods and inputs of measuring the fair value of investment properties is disclosed in (Note 9).

Movements in level 3 assets during the current and previous year are set out below:

	Financial assets at FVTPL	Financial assets at FVTOCI	Investment properties (a)	Total
Balance as at January 1, 2022	124,855	3,984,610	49,628,848	53,738,313
Additions	-	-	9,432,299	9,432,299
Disposals	(82,274)	-	(63,053)	(145,327)
Losses recognised in consolidated statement of profit or loss	(42,581)	-	(5,979,022)	(6,021,603)
Transferred to other levels (b)	-	-	(29,873,561)	(29,873,561)
(Losses) gains recognised in consolidated statement of other comprehensive income	-	(503,344)	526,750	23,406
Balance as at 31 December 2022	-	3,481,266	23,672,261	27,153,527
Additions	-	-	1,311	1,311
Disposals	-	-	(1,740,000)	(1,740,000)
Losses recognised in consolidated statement of profit or loss	-	-	(711,336)	(711,336)
(Losses) gains recognised in consolidated statement of other comprehensive income	-	(2,344,292)	79,309	(2,264,983)
Balance as at 31 December 2023	**-**	**1,136,974**	**21,301,545**	**22,438,519**

(a) Investment properties for the comparative year include all the properties included under assets classified as held for sale.

(b) During the year ended December 31, 2022, the Parent Company had changed the valuation technique for its investment properties measured at fair value of AED 358,179,000 (equivalent to KD 29,873,561) as of December 31, 2022, from income approach under level 3 to comparative market approach under level 2, as the independent valuator considered the comparative market approach is the appropriate method to be used this year to reflect the nearest real fair value for these investment properties.

The level 3 assets unobservable inputs and sensitivity are as follows:

a) Financial assets:

	Fair value as of		Valuation methods and main inputs	Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
	2023	2022			
Financial assets at FVTOCI	**1,136,974**	3,481,266	Relative weight of price to book value, parallel market prices and adjusted NAV valuation methods	Price to book value multiple of 0.5 and Illiquidity discount of 20 %	The increase (decrease) of price to book value by 5% would increase (decrease) fair value by KD 24,452 assuming all other factors remain constant, while the increase (decrease) of illiquidity discount by 5% would (decrease) increase fair value by KD 70,323 assuming all other factors remain constant.

b) Non-financial assets:

	Fair value as of		Valuation methods and main inputs	Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
	2023	2022			
Investment properties (a)	**21,301,545**	23,672,261	Income capitalization	Capitalization rate from 7 % to 9 % according to the nature and properties location and current rentals earned from the properties and the expected rentals for temporary vacancies	The increase (decrease) in the capitalization rate would (decrease) increase in the property's fair value, assuming all other factors remain constant.

(a) Investment properties for the comparative year include all the properties included under assets classified as held for sale.

25. Capital Risk Management

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

In order to maintain or adjust the capital resources 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.

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 debt facilities less cash and cash equivalents, and term deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

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

	2022
Islamic bank facilities	**4,578,571**
Less: cash and cash equivelent	**(1,153,485)**
Net debt	**3,425,086**
Total equity	**74,567,457**
Total capital resources	**77,992,543**
Gearing Ratio	**4.39%**

26. Significant events

During the year ended December 31, 2023, an agreement was reached between First Dubai Real Estate Development Company - K.S.C.P. (Parent Company) and Al Mazaya Holding Company - K.S.C.P. (Ultimate Parent Company) to enter into a Merger by Amalgamation, where Al Mazaya Holding Company - K.S.C.P. will be the "Merging" company and First Dubai Real Estate Development Company - K.S.C.P. will be the "Merged" company.

The merger contract has been approved by the Capital Markets Authority on September 24,2023. Accordingly, the Shareholders' Extraordinary General Assembly of the Parent Company held on December 25, 2023, had approved the following items:

- The merger contract through amalgamation between Al Mazaya Holding Company K.S.C.P (Ultimate Parent Company) and First Dubai Real Estate Development Company K.S.C.P (Parent Company) where Al Mazaya Holding Company - K.S.C.P. (Ultimate Parent Company) will be the "Merging" company and First Dubai Real Estate Development Company - K.S.C.P. (Parent Company) will be the "Merged" company, and to ratify all its annexes including the independent Investment Consultant report, the Assets Valuation report prepared by the independent asset valuator, and the Share Swap Rate representing the consideration to be allocated to the non-controlling Shareholders of First Dubai Real Estate Development Company K.S.C.P., which is (0.497 shares) of Al Mazaya Holding Company K.S.C.P shares in exchange for (1) share of First Dubai Real Estate Development Company K.S.C.P., after obtaining all required approvals from the relevant regulatory authorities.

- The merger through amalgamation between Al Mazaya Holding Company K.S.C.P (Ultimate Parent Company) and First Dubai Real Estate Development Company K.S.C.P (Parent Company) where Al Mazaya Holding Company - K.S.C.P. (Ultimate Parent Company) will be the "Merging" company and First Dubai Real Estate Development Company - K.S.C.P. (Parent Company) will be the "Merged" company, after obtaining all required approvals from the relevant regulatory authorities, along with approving the timetable and dates related to the entitlement of shares as well as authorizing the Parent Company's Board of Directors and / or the Company's Executive Management to amend that timetable for shares' entitlements as necessary, and to take the necessary actions with regards to shares' fractions.

- To dissolve First Dubai Real Estate Development Company K.S.C.P. (Parent Company) and transferring its entire financial records with its assets and liabilities through amalgamation, including all its assets, rights, and obligations to Al Mazaya Holding Company K.S.C.P. (Ultimate Parent Company), and to terminate the legal personality of First Dubai Real Estate Development Company K.S.C.P. (Parent Company) after completing the merger procedures, along with canceling its license, and removal from the Department of Joint Stock Companies Registry at the Ministry of Commerce and Industry.

Both parties are currently in process of completing the remaining merger procedures in accordance with the relevant legal and regulatory requirements and framework.