التسهيلات
للاستثمار العقاري

The Amir of Kuwait His Highness

Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah

The Crown Prince His Highness

Sheikh Sabah Al-Khalid Al-Hamad Al-Sabah

BOARD OF DIRECTORS

Chairman	Alhareth Abdulrazzaq Al-Khaled
Vice Chairman	Abdullah Saud Al-Humaidhi
Board Member	Khaled Abdullah Al-Ali
Board Member	Hazem Meshari Al-Khalid
Board Member	Abdullah Abdulmajeed Marafie
Board Member	Essa Ali Al-Hasawi

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BOARD OF DIRECTORS' REPORT
DIRECTORS REPORT

Dear Shareholders,

The Board of Directors of Real Estate Facilities Investment Company is pleased to present the 16th Annual Financial Report for the year ended 31 March 2024.

The company continued its positive performance and achievement of successful results as in previous years, the efforts exerted during the year by the staff resulted in achieving KD 1.9 million, an 11% increase from last year due to increase in fair value of investment properties. Net rental revenues reached 1.9 million dinars, a 2% decrease from last year, while net income amounted to 3.2 million compared to 2.8 million the previous year, a 14% increase. Borrowing cost increased by 198 thousand dinars due to the increase in interest rates in Kuwait and higher borrowed amounts.

The overall financial position of the company showed an increase in the company's assets by 2.5% from last year, bringing the total assets to 51 million dinars.

Based on the Company's performance, the Board of directors is pleased to propose a cash dividend of 5% (5 Fils per share) to registered shareholders as of the date of the general assembly and recommends a 21 thousand-dinar director's remuneration.

Related party transactions report for this year and the expected for next year:

First: Transactions during the fiscal year ending on March 31, 2024

- Real estate management fees of KD 3,485 under the property management on behalf of Farwah Real Estate Company.
- Service fees expense of 24,000 KD under the services agreement (Administration, Legal, and Information Technology) through contract with Commercial Facilities co.

Second: Expected transactions for the fiscal year ending on March 31, 2025

- Real estate management fees of KD 3,500 under the property management, operation, and maintenance on behalf of Farwah Real Estate Company.
- Service fee expense of 24,000 KD under the services agreement (Administration, Legal, and Information Technology) through contract with Commercial Facilities co.

Plan 2024

The Board of Directors has approved the plan for 2024, the basis of which is the addition of income producing real estate properties in Kuwait and invest in international real estate funds managed by reputable investment firms.

The board by executing the plan expects the continued positive performance and to outperform next year.

BOARD OF DIRECTORS

INDEPENDENT AUDITOR'S REPORT

The shareholders,

Real Estate Facilities Investment Company K.S.C. (Closed)

Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Real Estate Facilities Investment Company – K.S.C (Closed) (the "Parent Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated statement of financial position as of March 31, 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements including summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and its 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 (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management is responsible for the other information. The other information comprises the board of directors' report obtained before the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, the 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 the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate 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. .

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company, physical count was conducted in accordance with recognized practice and the consolidated financial statements together with the financial contents given in the Board of Directors' report are in accordance therewith. We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016 and related Executive Regulations, as amended, and the Parent Company's memorandum and articles of association, as amended. According to the information available to us, no violations have occurred of the Companies' Law no. 1 of year 2016 and related Executive Regulations, as amended, and the Parent Company's memorandum and articles of association, as amended, during the year ended March 31, 2024 that might have had a material effect on the business of the Group or its consolidated financial position.

Rashed Ayoub Yousuf Alshadad
License No. 77 (A)
Rödl Middle East
Burgan – International Accountants

May 29, 2024
State of Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of March 31, 2024

"All amounts are in Kuwaiti Dinars"

	Note	2024	2023
Assets			
Cash and cash equivalents	5	**214,451**	659,950
Receivables and other debit balances	6	**581,183**	236,698
Investment in securities	7	**16,277,949**	15,035,534
Investment properties	8	**34,016,792**	33,903,614
Property and equipment		**2,013**	3,133
Total assets		**51,092,388**	49,838,929
Liabilities and equity			
Liabilities			
Due to a related party	9	**13,506**	14,563
Payables and other credit balances	10	**498,313**	431,258
Term loans	11	**17,412,500**	16,218,750
Provision for end of service benefits		**95,602**	79,643
Total liabilities		**18,019,921**	16,744,214
Equity			
Share capital	12	**25,000,000**	25,000,000
Statutory reserve	13	**2,528,907**	2,334,644
Voluntary reserve	14	**2,528,907**	2,334,644
Fair value reserve		**(1,043,289)**	(188,530)
Foreign currency translation reserve		**123,448**	119,567
Retained earnings		**3,802,277**	3,384,036
Equity attributable to the shareholders of the parent company		**32,940,250**	32,984,361
Non-controlling interests		**132,217**	110,354
Total equity		**33,072,467**	33,094,715
Total liabilities and equity		**51,092,388**	49,838,929

The accompanying notes form an integral part of these consolidated financial statements.

Al-Harith Abdul-Razzaq Al-Khaled
Chairman

Abdullah Saud Al-Humaidhi
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the financial year ended March 31, 2024

"All amounts are in Kuwaiti Dinars"

	Note	2024	2023
Revenue			
Rental income		**2,227,180**	2,273,617
Rental expenses		**(290,497)**	(282,511)
		1,936,683	1,991,106
Interest income		**83,265**	77,863
Dividends income		**759,296**	731,004
Gain on sale investment in securities		**-**	2,783
Gain on sale investment properties		**22,182**	42,477
Unrealized (loss)/gain from change in fair value of investment properties	8	**377,070**	(166,394)
Foreign currency translation		**336**	3,533
Other income		**3,485**	103,383
		3,182,317	2,785,755
Expenses and other charges			
Staff cost		**(169,055)**	(165,640)
General and administrative expenses	15	**(64,105)**	(75,526)
Services fees	9	**(24,000)**	(24,000)
Finance cost		**(960,865)**	(762,477)
Profit before deductions		**1,964,292**	1,758,112
Kuwait Foundation for the Advancement of Science (KFAS)		**(17,484)**	(15,555)
Zakat		**(21,587)**	(19,411)
Board remuneration		**(21,000)**	(14,000)
Net profit for the year		**1,904,221**	1,709,146
Attributable to:			
Shareholders of the Parent Company		**1,882,561**	1,679,384
Non-controlling interests		**21,660**	29,762
		1,904,221	1,709,146

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended March 31, 2024

"All amounts are in Kuwaiti Dinars"

	2024	2023
Net profit for the year	**1,904,221**	1,709,146
Other comprehensive (loss) / income		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	**(680,553)**	79,297
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	**4,084**	13,100
Total other comprehensive (loss) / income for the year	**(676,469)**	92,397
Total comprehensive income for the year	**1,227,752**	1,801,543
Attributable to:		
Shareholders of the parent company	**1,205,889**	1,771,127
Non-controlling interests	**21,863**	30,416
Total comprehensive income for the year	**1,227,752**	1,801,543

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended March 31, 2024

"All amounts are in Kuwaiti Dinars"

	2024	2023
Operational activities		
Profit before deductions	1,964,292	1,758,112
Adjustment for:		
Depreciation	1,120	1,121
Allowance for expected credit losses	27,973	18,343
Provision for end of service benefits	15,959	16,473
Unrealized loss/(gain) from change in the fair value of investment properties	(377,070)	166,394
Gain on sale of investment properties	(22,182)	(42,477)
Dividends income	(759,296)	(731,004)
Gain on sale of investment in securities	–	(2,783)
Interest income	(83,265)	(77,863)
Finance cost	960,865	762,477
Operating profit before changes in working capital items	1,728,396	1,868,793
Receivables and other debit balances	(50,830)	12,460
Due to a related party	(1,057)	143
Payable and other credit balances	6,984	(83,215)
Net cash generated from operating activities	1,683,493	1,798,181
Investment activities		
Purchase of investments in securities	(3,211,987)	(2,266,237)
Proceeds from sale of investment securities	1,289,019	1,946,314
Purchase of investment properties	–	(1,446,375)
Proceeds from sale of investment properties	290,049	157,993
Dividends received	437,668	966,571
Interests income received	83,265	77,863
Net cash used in investing activities	(1,111,986)	(563,871)
Financing activities		
Term loans	1,193,750	(156,250)
Finance cost paid	(960,865)	(762,477)
Dividends paid	(1,250,000)	(1,500,000)
Net cash used in financing activities	(1,017,115)	(2,418,727)
Foreign currency translation differences	109	2,260
Net decrease in cash and cash equivalents	(445,499)	(1,182,157)
Cash and cash equivalents at the beginning of the year	659,950	1,842,107
Cash and cash equivalents at the end of the year (note 5)	214,451	659,950

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended March 31, 2024

"All amounts are in Kuwaiti Dinars"

	Equity to the shareholders of the parent company								
	Share capital	Statutory reserve	Voluntary reserve	Fair value change reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at April 1, 2022	25,000,000	2,161,809	2,161,809	(74,077)	107,121	3,356,572	32,713,234	79,938	32,793,172
Net profit for the year	-	-	-	-	-	1,679,384	1,679,384	29,762	1,709,146
The change in the fair value of financial assets at fair value through other comprehensive income	-	-	-	79,297	-	-	79,297	-	79,297
Foreign currency translation	-	-	-	-	12,446	-	12,446	654	13,100
Total comprehensive income for the year	-	-	-	79,297	12,446	1,679,384	1,771,127	30,416	1,801,543
Realized gain on financial assets at fair value through other comprehensive income	-	-	-	(193,750)	-	193,750	-	-	-
Transferred to reserves	-	172,835	172,835	-	-	(345,670)	-	-	-
Dividends	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Balance at March 31, 2023	**25,000,000**	**2,334,644**	**2,334,644**	**(188,530)**	**119,567**	**3,384,036**	**32,984,361**	**110,354**	**33,094,715**
Balance at April 1, 2023	25,000,000	2,334,644	2,334,644	(188,530)	119,567	3,384,036	32,984,361	110,354	33,094,715
Net profit for the year	-	-	-	-	-	1,882,561	1,882,561	21,660	1,904,221
The change in the fair value of financial assets at fair value through other comprehensive income	-	-	-	(680,553)	-	-	(680,553)	-	(680,553)
Foreign currency translation	-	-	-	-	3,881	-	3,881	203	4,084
Total comprehensive income for the year	-	-	-	(680,553)	3,881	1,882,561	1,205,889	21,863	1,227,752
Realized gain on financial assets at fair value through other comprehensive income	-	-	-	(174,206)	-	174,206	-	-	-
Transferred to reserves	-	194,263	194,263	-	-	(388,526)	-	-	-
Dividends (Note 17)	-	-	-	-	-	(1,250,000)	(1,250,000)	-	(1,250,000)
Balance at March 31, 2024	**25,000,000**	**2,528,907**	**2,528,907**	**(1,043,289)**	**123,448**	**3,802,277**	**32,940,250**	**132,217**	**33,072,467**

The accompanying notes form an integral part of these consolidated financial statements.

1. ESTABLISHMENT OF THE COMPANY AND ITS ACTIVITIES

Real Estate Facilities Investment Company K.S.C (Closed) (the "Parent Company") was incorporated on January 16, 2008 in the State of Kuwait.

The purposes for which Parent Company was established are as follows:

- Own, sale and purchase of real estate properties and lands and developing them for the Company's benefit 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.
- Own, sale and purchase of shares and bonds of the real estate companies for the benefit of the Company inside and outside the State of Kuwait.
- Prepare studies, provide consultations in real estate fields (of all types) provided the service provider meets the required conditions.
- Own, manage, lease, and rent hotels, health clubs and touristic utilities.
- Conducting maintenance works related to the buildings and properties owned by the 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.
- Manage, operate, invest, rent and lease hotels, health clubs, motels, hosting houses, rest places, parks and gardens, exhibitions, restaurants, cafes, residential complexes, touristic and health resorts, entertainment and sport projects, and shops of all levels and classes including all main and sub services, in addition to related utilities and other services.
- Organize real estate exhibitions for the company's real estate projects according to the regulations adopted in the ministry.
- Holding real estate auctions.
- Own and manage commercial markets and residential complexes.
- Utilizing the company's available surplus by investing them in investment and real estate portfolios managed by specialized companies.
- Participate in setting infra-structure of residential, commercial, and industrial areas and projects, managing utilities under BOT system.
- Representing Real Estate, Foreign Real Estate Mortgage, and Related Service Companies in the State of Kuwait, in order to achieve the Company's objectives against a commission.

The Parent Company's postal address is PO Box 3133, Safat 13032, State of Kuwait.

The consolidated financial statements for the year ended March 31, 2024 were approved for issuance by the Board of Directors on May 29, 2024.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, there is a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2023.

- **IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)**

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach (PAA). The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - 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.

- **Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

  Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- **Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules**

  The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules

  The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

  Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

- **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.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

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

- Amendments to IFRS 10 and IAS 28 _ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 _ Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 _ Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 _ Supplier Finance Arrangements
- Amendments to IFRS 16 _ Lease Liability in a Sale and Leaseback

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

  The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

- **Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current**

  The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

- **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 2020 amendments early.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements**

  The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

- **Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of companies' law in the State of Kuwait.

3.2 Accounting convention

- These consolidated financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to the fair value as explained in detail in the accompanying policies and disclosures.
- The consolidated financial statements are prepared in Kuwaiti Dinar

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of Real Estate Facilities Investment Co. K.S.C. (Closed) (the Parent Company) and its subsidiaries (together referred to as "the Group") disclosed under note 4.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability to use its power to affect the investee returns

When the Parent Company does not have majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The consolidated financial statements include the financial statements of the subsidiaries from the date the control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non-controlling interests in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consists of the interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Profits and losses attributed to the owners of the Parent Company and to the non-controlling interests in the ratio of their respective shareholders even if that resulted in the non-controlling interests having a deficit balance.

When ownership of a subsidiary changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiary reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiary at fair value at date of loss of control;
- Derecognize non-controlling interests;
- Recognize the profit or loss resulting from the loss of control in the consolidated statement of profit or loss.

3.4 Recognition and de-recognition of financial instrument

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

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

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

If the Group recognized the above conditions but retains control, this results in recognition of a new asset to the extent that the Group continues to participate in the asset.

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.

3.5 Financial instruments

- **Classification of financial assets**

  The classification is based on both:

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

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

  - Financial assets at amortized cost.
  - Financial assets at fair value through Other Comprehensive Income (FVTOCI).
  - Financial assets at fair value through profit or loss (FVTPL).

  At initial recognition, the Group may irrevocably designate a financial asset as measured at FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVTOCI, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise.

  At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an equity instrument that is measured at FVTPL, if certain criteria are met.

- **Subsequent measurement of financial assets**

  - **Financial assets at amortized cost**

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

    - They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and
    - The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

    After initial recognition, these are measured at amortized cost using the effective interest rate method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial.

    Gains or losses recognized on other comprehensive income will be recycled through the consolidated statement of profit or loss upon derecognition of the asset (except for investments in equity instruments at fair value through other comprehensive income).

    The following financial assets are classified within this category:

    - Cash and cash equivalents
      Cash and cash equivalents for the purpose of preparing cash flow statement comprise cash on hand, balances with banks and other financial institutions and short-term deposits that are due within three months from the date of placement.

    - Receivables
      These are non-derivative financial assets with fixed or determinable amounts to be collected that are not quoted in an active market. They arise when the Group provides goods and services directly to debtors with no intention of trading the receivables.

    - Due from related parties
      These are non-derivative financial assets with fixed or determinable amounts to be collected from related parties. They arise when the Group provides goods, services or/and financial funding directly to the related parties.

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

- **Financial assets at FVTOCI**

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

A financial asset is held for trading if:

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

Investments in equity instruments measured at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income under "fair value reserve". Dividends are recognized in the consolidated statement of profit or loss, except for dividends that constitute redemption of portion of the financial asset's cost which then will be recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity. The equity instruments at FVTOCI are not subject to impairment test.

The Group classifies quoted and unquoted investments in equity instruments as financial assets at FVTOCI in the consolidated financial position.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortized cost or FVTOCI are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognized in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

- **Impairment of financial assets**

The adoption of IFRS 9 has significantly changed the calculation methodology of impairment loss from incurred loss model to be in accordance with Expected Credit Loss model ("ECL"). All financial assets are subject to ECL, except for financial assets at FVTPL.

Expected Credit Loss ("ECL")

The measurement of ECL as follows:

1) 12-month ECL, consist of financial instruments that are determined to have a low credit risk at the reporting date. Accordingly, the ECL is calculated for the possible default events over a period of 12 months after the reporting date.
2) Lifetime ECL, consist of financial instruments financial instruments with a significant increase in credit risk since initial recognition with objective evidence of impairment. ECL is calculated for the possible default events over the lifetime of the financial instrument.

The ECL is calculated either on an individual or collective basis depending on the nature of the underlying portfolio of financial instruments and represents the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. Then the ECL is discounted at the effective interest rate of the financial instrument.

The ECL on financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group applied the simplified method on receivables and bank balances for the calculation of ECL.

The Group recognizes a loss allowance for ECL by reducing the allowance from the carrying value of the financial asset that is measured at amortized cost with a charge to consolidated statement of profit or loss. For financial asset measured at FVTOCI, the allowance is recognized in other comprehensive income without reducing the carrying amount of the financial asset in the consolidated statement of financial position.

3.6 Investment properties

Land and properties held by the Group for the purpose of capital appreciation or for leasing it to others are included in investment properties. Land and real estate are initially stated on acquisition at cost and subsequently re-measured at fair value that is being determined annually based on market value estimated by independent evaluator. Profits and losses arising on valuation are included in the consolidated statement of profit or loss.

3.7 Property and equipment

Property and equipment are stated at the historical cost less accumulated depreciation. The realizable values of property and equipment are reviewed at each consolidated financial position date to determine whether the book value exceeds the realizable value in which case the book value is written down to the realizable value. If the useful lives of property and equipment are different from the estimated lives of those properties, then the useful lives are adjusted prospectively without retroactive effects.

Property and equipment are depreciated on straight-line method to reduce the value of the property to its residual value over their estimated as follow:

Computers	4 years
Office equipment	4 years

3.8 Impairment of tangible and intangible assets

At each consolidated financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the impairment is recorded in the statement of income. The impairment loss represents the difference between the carrying value of the asset and the estimated recoverable amount of the asset. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use represents the estimated future cash flows discounted at an appropriate discount rate.

An impairment loss recognized in prior periods for an asset, other than goodwill, shall be reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset shall be increased to its recoverable amount. Reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

3.9 Payables and liabilities

These are non-derivative financial liabilities. Liabilities are recognized for amounts to be paid in the future for goods or services received/rendered, whether billed by the supplier or not.

3.10 End of service benefits

End of service benefits for employees is calculated as per Kuwait labor law in the private sector and employment contracts and on the assumption of ending the services of all employees at the consolidated statement of financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the Group towards employees benefits for past and current periods.

3.11 Provisions

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

3.12 Revenue recognition

- Revenue from rendering services is recognized when the outcome of a transaction involving that rendering of services can be estimated reliably and when the following conditions are satisfied:
    - The amount of revenue can be measured reliably.
    - It is probable that the economic benefits associated with the transaction will flow to the Group.
    - The stage of completion of the transaction at the consolidated financial position date can be measured reliably.
    - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Rental income is recognized on a straight-line basis over the lease terms.
- Profits and losses on sale of investments are calculated by the difference between the sale proceeds and the carrying amount of the investments on the date of sale, and are included on the same date of sale.
- Profit on the sale of investment properties is recognized when the main risks and ownership of the property have been transferred to the buyer and when there is no significant doubt as to the compensation for the sale of the properties and the costs that may be incurred for possible returns on these properties.
- Dividends income is recognized when the right to receive it is established.
- Other categories of income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

3.13 Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized finance costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of finance costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Finance costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred.

3.14 Foreign currency translations

The functional currency of the Parent Company is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing during the year. Monetary assets and liabilities denominated in foreign currencies are translated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the consolidated statement of profit or loss.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to KD at the exchange rates prevailing at the date of determining fair value. For non-monetary assets where the related change in fair value is recognized directly in equity, all foreign exchange differences are recognized directly in equity. In addition, for non-monetary assets where the related change in fair value is recognized in the consolidated statement of profit or loss, all foreign exchange differences are recognized in the consolidated statement of profit or loss.

Assets and liabilities of foreign subsidiaries are translated into Kuwaiti Dinar at the rate of exchange prevailing at the consolidated statement of financial position date, income and expenses items are translated are translated using the average exchange rates prevailing during the year. The resulting currency differences are recognized directly in equity under "Foreign currency translation reserve".

3.15 Taxation

Zakat

The Zakat is computed in accordance with law no. 46/2006 and Ministerial Decree no. 58/2007 related to Zakat imposed on the public and closed shareholding companies for the year at 1% of net profit before deducting the Group's provisions and reserves.

Kuwait Foundation for Advancement of Science

The contribution to Kuwait Foundation for Advancement of Science is computed at 1% of net profit after deducting the current year appropriation to statutory reserve.

3.16 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

3.17 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make 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.

Accounting judgment

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

Classification of financial assets

Management determines the classification of financial assets upon acquisition, whether it should be classified at amortized cost, at FVTPL or at FVTOCI.

Classification of financial assets at FVTPL depends on business model and how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of profit or loss in the management accounts, they are classified at FVTPL. All other investments are classified at FVTOCI.

Classification of properties

- Investment property

  The lands and properties are classified as investment property when the intention of the management is to earn rentals from land or hold land for capital appreciation or if the intention is not determined by the Group.

Impairment loss of financial assets

Management determines the adequacy of the impairment loss allowance based upon periodical reviews on individual basis, current economic conditions, past experience and other pertinent factors.

Impairment loss of intangible assets

the Group assess whether there is impairment in tangible assets in accordance with the accounting policy disclosed in note (3/8). The recoverable amount of cash-generating unit is calculated based on the usage value of the unit. This calculation requires the use of certain estimates.

Useful lives of tangible assets

As described under the significant accounting policies note 3, the Group reviews the estimated useful lives over which its tangible assets are depreciated, and intangible assets are amortized. The Group's management is satisfied that the estimates of useful lives are appropriate.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that they have a significant effect of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of unquoted shares

Valuation of unquoted shares is normally based on one of the following:

- Recent arm's length market transactions.
- Current fair value of another instrument that is substantially the same.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for financial assets require significant estimations.

4. SUBSIDIARIES

Name	Country	Ownership%		Main activities
		2024	2023	
Masaken Facilities Co L.L.C	Saudi Arabia	**95%**	95%	Sale and purchase of land and real estate
Maidan Hawalli Real Estate Co S.P.C.	Kuwait	**100%**	100%	
Al Khansa Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Kart Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Asia National Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Al-Muthana and Hawally Real Estate Co S.P.C.	Kuwait	**100%**	100%	
Al-Belajat Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Farwaniya Sixth Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Al Jabriya Al Oula Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Al Rai United Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Mabanie Al-Fahaheel Real Estate Co W.L.L.	Kuwait	**99%**	99%	
Clear Real Estate Co S.P.C.	Kuwait	**100%**	100%	

5. CASH AND CASH EQUIVALENTS

	2024	2023
Cash on hand	**1,067**	2,066
Cash at banks	**213,384**	407,884
Term deposit (due within one month from the date of deposit)	**–**	250,000
	214,451	659,950

Term deposit is denominated in Kuwaiti Dinar and are placed with a local bank carrying an effective interest rate of 4.375% annual.

6. RECEIVABLES AND OTHER DEBIT BALANCE

	2024	2023
Trade receivables	**400,134**	359,620
Allowance for expected credit losses “ECL”	**(323,067)**	(293,143)
	77,067	66,477
Refundable deposits	**80,000**	64,245
Prepaid expenses	**11,554**	9,565
Accrued dividends	**411,108**	89,480
Other debit balances	**1,454**	6,931
	581,183	236,698

The aging of trade receivables is as follows:

	2024	2023
Less than 180 days	**91,942**	93,765
From 181 to 365 days	**23,645**	26,715
More than 365 days	**284,547**	239,140
	400,134	359,620

The movement in allowance for ECL during the year is as follows:

	2024	2023
Balance at the beginning of the year	**293,143**	290,577
Net movement during the year	**29,924**	2,566
	323,067	293,143

The management believes that the net carrying value of receivables and other debit balances, net of allowance for expected credit loss, approximates its fair value that is recoverable.

The carrying amount of the Group’s receivables is dominated in the following currencies:

	2024	2023
Kuwaiti Dinar	**393,542**	353,046
Saudi Riyal	**6,592**	6,574
	400,134	359,620

7. INVESTMENTS IN SECURITIES

	2024	2023
Financial assets at fair value through other comprehensive income	**15,277,949**	13,535,534
Debt instruments at amortized cost	**1,000,000**	1,500,000
	16,277,949	15,035,534

8. INVESTMENT PROPERTIES

	2024	2023
Balance at the beginning of the year	**33,903,614**	32,728,309
Additions	**–**	1,446,375
Disposals	**(267,867)**	(115,516)
Changes in fair value	**377,070**	(166,394)
Foreign currency translation	**3,975**	10,840
	34,016,792	33,903,614

The geographical distribution of investment properties is as follows:

	2024	2023
Kuwait	**30,598,000**	30,300,000
Kingdom of Saudi Arabia	**3,418,792**	3,603,614
	34,016,792	33,903,614

Investment properties have been valuated by independent evaluators which resulted in an unrealized gain of KD 377,070 (2023: unrealized loss of KD 166,394) that was recognized in the consolidated statement of profit or loss.

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise shareholders, executive officers and senior management members of the Group, their families and companies of which they are the principal owners or over which they are able to exercise significant influence. The Group's management decides on the terms and conditions of the transactions and services received/rendered from/to related parties besides other expenses. Transactions with related parties are subject to the approval of the general assembly.

Balances and significant transactions with related parties are as follows:

	2024	2023
Consolidated statement of financial position		
Due to a related party	**13,506**	14,563

	2024	2023
Consolidated statement of profit or loss		
Management fees	**3,485**	3,383
Services fees	**24,000**	24,000

Compensation of key management personal

Compensation for key management, including executive directors, during the year is as follows:

	2024	2023
Salaries and other short-term benefits	**84,926**	82,331
End of service benefits	**10,516**	13,747

10. PAYABLES AND OTHER CREDIT BALANCE

	2024	2023
Payables	**1,062**	1,117
Accrued expenses	**210,653**	172,438
Accrued dividends	**164,988**	156,644
Kuwait Foundation for the Advancement of Science	**17,484**	15,555
Accrued Zakat	**21,587**	19,411
Provision for leave	**10,890**	7,798
Advance payments from tenants	**56,768**	44,682
Other credit balances	**14,881**	13,613
	498,313	431,258

11. TERM LOANS

The term loans are granted by local banks and are denominated in KD and carrying an interest rate ranging from 1.3% to 1.5% (2023: 1.3% to 2%) per annum above the Central Bank of Kuwait discount rate.

As of March 31, 2024 the Group has an undrawn loans facility amount to KD 12,000,000 (2023: KD 13,000,000). The loans are maturing on equal quarterly installments with a final maturity ending on 2024 to 2030.

12. SHARE CAPITAL

The Parent Company's authorized, issued and fully paid-up in cash share capital amount to KD 25,000,000 divided into 250,000,000 shares of 100 fils each and all shares are in cash nature.

13. STATUARY RESERVE

In accordance with the companies' law and the Parent Company's articles of association, 10% of the profit for the year before Kuwait Foundation for the Advancement of Sciences and Zakat shall be transferred to statuary reserve. This transfer may be discontinued such transfer when the reserve reaches 50% of the share capital. This reserve is not available for distribution, except in cases stipulated by the law.

14. VOLUNTARY RESERVE

In accordance with the Parent Company's articles of association, a percentage of the profit for the year before Kuwait foundation for the advancement of sciences, zakat and board of directors remuneration proposed by the board of directors and approval by general assembly. This transfer may be discontinued by discussion of general assembly based on proposal of board of directors.

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Rent	**14,201**	13,748
Professional and consulting fees	**9,101**	13,676
Depreciation	**1,120**	1,121
Other	**39,683**	46,981
	64,105	75,526

16. CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the net profit before Zakat, BOD remuneration and after deducting the amount transferred to the statutory reserve.

During the year ended March 31, 2024 the Group recorded the contribution to the Kuwait Foundation for the Advancement of Sciences amount to KD 17,484 (2023: KD 15,555) and the Group has paid an amount of KD 15,555 (2023: KD 17,825). The KFAS payable as of March 31, 2024 amount to KD 17,484 (2023: KD 15,555).

17. GENERAL ASSEMBLY

On July 17, 2023 the ordinary general assembly of the Parent Company's shareholders was held for the year ended March 31, 2023 and the following matters were approved:

- The consolidated financial statements for the year ended March 31, 2023.
- Dividend for the year ended on March 31, 2023, at 5% of the share capital amount to KD 1,250,000.
- Distributing of board of directors' remuneration for the year ended on March 31, 2023 amount to KD 14,000.

18. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

A) Financial instruments:

Significant accounting policies

Details of the significant accounting policies – including the criteria for measurement and recognition of revenue and expenses – in respect of each class of financial assets and liabilities are disclosed in note (3) to the consolidated financial statements.

Categories of financial instruments

The Group's financial assets and financial liabilities are categorized in the consolidated statement of financial position consist of cash and cash equivalents, Investments in securities, receivables and other debit balances, term loans, payables and other credit balances and due to a related party.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The Group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of the Group's financial assets and financial liabilities are determined as follows:

- The fair value of the consolidated financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.
- The fair value of other consolidated financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Fair value measurement recognized in the consolidated statement of financial position:

In accordance with the requirements IFRS 7, the Group's provide certain information about financial instruments measured at fair value in the consolidated statement of financial position.

The following table presents financial assets and financial liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy Group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

	Level 3	
Financial assets at FVTOCI	**2024**	2023
Unquoted securities	**15,277,949**	13,535,534

The following table shows the reconciliation of the opening balances of the level 3 assets which are carried at fair value:

	2024	2023
Opening balance	**13,535,534**	13,133,531
Additions	**3,211,987**	2,266,237
Disposals	**(614,813)**	(1,749,781)
Changes in fair value	**(854,759)**	(114,453)
	15,277,949	13,535,534

B) Financial risks management

The Group uses financial instruments exposes it to financial risks such as credit risk, liquidity risk and market risk.

The Group continuously reviews its risk exposures and take the necessary procedures to limit these risks at acceptable level.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of cash at banks and receivables. The cash is deposited at various financial institution and banks of high credit rating to avoid credit concentration only with one bank. The receivables are presented net of allowance for expected credit loss.

The Group considers its maximum exposure to credit risk to be as follows:

	2024	2023
Cash at banks	**213,384**	657,884
Receivables and other debit balances (excluding prepaid expenses)	**569,629**	227,133
	783,013	885,017

- **Liquidity risks**

  Liquidity risk is the risk that the Group will be unable to meet its obligations when due. To minimize liquidity risk, management monitors liquidity periodically by forecasting future cash flows.

  The maturity of liabilities stated below based on the period from the consolidated financial position date to the contractual maturity date. In case the liabilities do not have a contractual maturity date, the maturity is based on management's estimate of the liquidation of assets to settle liabilities.

  The maturity analysis of liabilities as of March 31, 2024 as follows:

	Within one year	More than one year	Total
Due to a related party	**13,506**	**–**	**13,506**
Payables and other credit balances	**498,313**	**–**	**498,313**
Term loans	**4,937,500**	**12,475,000**	**17,412,500**
Provision for end of service benefits	**–**	**95,602**	**95,602**
	5,449,319	**12,570,602**	**18,019,921**

  The maturity analysis of liabilities as of March 31, 2023 as follows:

	Within one year	More than one year	Total
Due to a related party	14,563	–	14,563
Payables and other credit balances	431,258	–	431,258
Term loans	6,056,250	10,162,500	16,218,750
Provision for end of service benefits	–	79,643	79,643
	6,502,071	10,242,143	16,744,214

- **Market risks**

  Market risks including such as foreign currency rates, interest rates, equity prices. These risks arise due to the changes in market prices, interest rates and foreign currency rates.

  Foreign currency risks

  Foreign currency risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

  Foreign currency risks arise from transactions with foreign currencies other than the functional currency of the Group. The Group manages these risks by setting policy parameters on transactions in foreign currency.

The table below summaries the net effect on the Group's profit or loss as a result of estimated changes in foreign currency rates of major currencies handled by the Group, with all other variables held constant:

The currency	The rate of change in exchange rates	The net effect on the statement of profit or loss	
		2024	2023
USD	**5% (±)**	**524,703 (±)**	449,184 (±)
SAR	**5% (±)**	**170,043 (±)**	177,717 (±)
BD	**5% (±)**	**125,461 (±)**	128,561 (±)
GBP	**5% (±)**	**116,292 (±)**	78,497 (±)
EUR	**5% (±)**	**19,231 (±)**	25,216 (±)

Cash flow interest rate risks

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes on interest rates in the market.

The Group manages these risks by monitoring interest rates and setting the necessary basis to hedge its risk, if any. Also, the Group analyses its interest rate exposure on a dynamic basis to minimize the significant undesirable future cash flow effects.

Assuming the changes in base points would be (±) 50 points (2023: (±) 50 points), the net effect on the consolidated statement of profit or loss of the Group, with all other variables held constant, would be (±) KD 87,063 (2023: (±) KD 81,094).

Equity price risks

Equity price risk is the risk that the fair values of equity securities decrease as a result of the changes in the level of equity indices and the value of the individual stocks. Equity price risk arises from changes in the fair values of equity investments and other managed investments.

19. CAPITAL RISK MANAGEMENT

The Group's objectives in managing the capital are:

- To safeguard the Group's ability to continue as a going concern to be able to provide returns to partners and benefits to other beneficiaries.
- To maintain optimal returns to partners by pricing products and services commensurately with risk level.

The Group determines share capital that is adequate for risks, manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, increase capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated net debt divided by adjusted equity. Net debts calculated as total borrowings (including short and long-term borrowings) less cash and cash equivalents. Adjusted equity includes capital and reserves plus net debts.

The gearing ratio is calculated as follows:

	2024	2023
Debts	**17,412,500**	16,218,750
Less: cash and cash equivalents	**(214,451)**	(659,950)
Net debts	**17,198,049**	15,558,800
Add: total equity	**33,072,467**	33,094,715
Adjusted equity	**50,270,516**	48,653,515
Gearing ratio	**34%**	32%

التسهيلات

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