



Annual Report 2024





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



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IFA Hotels & Resorts is a market leader in developing upscale hospitality projects and delivering high-end property services

IFA Hotels & Resorts is a leading developer of mixed-use hospitality and residential projects. With an extensive international portfolio of luxury hotels and residential destinations, the company blends innovation, quality, and strategic vision to exceed client expectations.

Strategic Focus Areas, IFAHR strengthens its core operations by sustaining market leadership and delivering exceptional offerings. The company is expanding into residential property management with specialized services while actively exploring emerging markets across Europe, Africa, and Asia for strategic acquisitions and partnerships that drive sustainable growth.

Global Alliances and Partnerships, through collaborations with industry leaders such as United Investments Portugal, Accor, Marriott, Hyatt, IHG, Omniyat, Nakheel, and others, IFAHR deepens its market expertise. These partnerships enable tailored solutions for diverse markets and amplify its global reach.

Operational Excellence, Strive Group was established to oversee the operational phase of EVA's projects, providing integrated property management under its brands: Strive Facilities Management, Candoo, Domus Managed Housing, and Bespoke Property Management. These brands support the company's portfolio—spanning hotels, serviced apartments, retail, and F&B ventures—while also serving external clients, reinforcing its influence in hospitality and real estate.

Guided by strategic vision, world-class partnerships, and operational excellence, IFA Hotels & Resorts redefines luxury hospitality and global property management standards.



Board of Directors

Khaled Saeed Esbaitah

Talal Jassim Al-Bahar

Emad Abdullah Al-Essa

Carlos Alberto Leal

Bandar Suliman Al-Jarallah

Saad Naser Al-Muneefi

Werner Burger

Chairman (Non-executive)

Vice Chairman (Non-executive)

Board Member (Independent)

Board Member (Non-executive)

Board Member (Independent)

Board Member (Non-executive)

CEO



Company's projects

Middle East

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

Africa

Entabeni Private Game Reserve, South Africa
 Zimbali Lakes Resort, South Africa
 Legend Golf & Safari Resort, South Africa
 Tatali Signature Villas, South Africa
 Boulevard Edge, South Africa
 Ernie Els Suites, South Africa



Chairman and CEO's Message

Dear Shareholders,

It is with great pride and gratitude that we present to you the Annual Report for 2024. This report not only reflects the financial performance of IFA Hotels and Resorts (IFAHR) but also highlights the strategic progress we have made in strengthening our position to achieve sustainable growth and long-term success.

The past year has been filled with both challenges and opportunities. Despite market disruptions and economic and political challenges, we remained steadfast in our commitment to delivering added value to our shareholders, stakeholders, and the community. By staying true to our

vision, we achieved significant milestones and laid the foundation for a future full of promise and potential.

Our financial results demonstrate resilience and focus, with notable growth in revenue, increased profitability, and market expansion. Beyond the numbers, we take pride in the progress we have made in areas such as sustainability, modernization, and employee development, reflecting our commitment to building a business that balances profitability with purpose-driven goals.

Financial Performance

In 2024, IFA Hotels and Resorts delivered strong financial performance, demonstrating the effectiveness of its strategy and sustained growth. The company reported a net profit of KD13.33 million, with earnings per share (EPS) reaching 58.2 fils, underscoring its ability to create value for shareholders.

The company also achieved notable growth in total assets, which increased by 9.95% to KD227.47 million, compared to KD206.87 million at the end of 2023. Additionally, parent company equity surged by 77.18%, reflecting strengthened financial stability.

Operational revenue also saw a 10.23% year-on-year increase, reaching KD17.5 million in 2024, up from KD15.92 million in 2023. These results highlight IFAHRs' robust financial position and its ability to deliver sustainable returns in a competitive market.

Operational Performance Our Regional Projects

Dubai's real estate sector delivered a phenomenal performance in 2024, driven by the Emirate's strong and resilient economy, advanced infrastructure, and solid connections with both local and international investment communities. This remarkable growth reinforced Dubai's position as a global investment hub, with a total of 168,407 units sold—an increase of 42% compared to 2023—while the total value of real estate transactions exceeded AED 523 billion, reflecting an annual growth of 27%.

Property prices also witnessed a significant rise, with average prices increasing by 75% since February 2021, reaching AED 1,750 per square foot (approximately \$476.50). This strong performance can be attributed to several factors, including strategic government policies, an influx of high-net-worth individuals, and an attractive investment environment offering attractive opportunities for investors.

Furthermore, the sector continued to enhance transparency standards, increase investment returns, and strengthen investor confidence, all while meeting the diverse needs of the market. As a result, Dubai's real estate market maintained its position among the best globally in terms of returns, reaffirming its leadership role in providing a dynamic investment environment that supports sustainable growth and attracts investors from around the world.

In 2024, Dubai's hotel sector demonstrated a remarkable upturn, with occupancy rates averaging 85% throughout the year, a significant increase from 78% in 2023. The city welcomed over 18 million international visitors, contributing to a 20% year-on-year rise in hotel revenue, which reached AED 25 billion. Luxury hotels, in particular, saw a surge in demand, with average daily rates (ADR) climbing to AED 1,800, up 15% from the previous year. The successful hosting of major global events played a pivotal role in driving this performance. Additionally, the introduction of new high-end properties and strategic marketing campaigns further solidified Dubai's position as a leading global tourism and hospitality destination.

ORLA and ORLA Infinity – Dorchester Collection

Dubai's skyline continues to be graced with architectural masterpieces, and ORLA and ORLA Infinity – Dorchester Collection stand as beacons of elegance and exclusivity. Developed in collaboration with Omniyat, these visionary projects redefine the essence of ultra-luxurious waterfront living.

ORLA has reached a significant milestone in its journey toward completion. With meticulous design works and permit approvals finalized, construction is now well underway. By the end of 2024, the project had achieved 21% completion, marking a pivotal moment in its development and bringing it one step closer to setting new standards in opulence.

Meanwhile, ORLA Infinity continues to make remarkable strides. INNOVO has been appointed as the main contractor under a prestigious contract valued at AED 279.566 million, ensuring a commitment to exceptional quality and precision. The project's progress is equally impressive, with over 80% of the design work completed and more than 70% of the site preparation finalized. As of the end of 2024, overall development stands at 11%, signaling a steady march toward architectural excellence.

With both projects nearly sold out and only a limited number of units remaining, ORLA and ORLA Infinity – Dorchester Collection reinforce Dubai's standing as a global luxury real estate icon, where contemporary design and construction meets indulgence and bespoke living reaches unprecedented heights. As construction progresses, these landmark developments are not merely transforming the skyline—they are redefining the future of elite waterfront living.

Aria Vacation Club

Aria Vacation Club achieved notable growth as Dubai's first fully licensed timeshare operator, a prestigious recognition awarded to us by the Government of Dubai. This landmark achievement reflects our pioneering role in introducing new hospitality investment products designed for Dubai's evolving luxury market. The company recorded a 50% year-on-year improvement in both operational revenues and net profitability, demonstrating the strong market acceptance of our business model and our consistent delivery of value to members.

Capitalizing on our unique market position, we strategically enhanced our property portfolio through targeted acquisitions of premium assets. These investments have significantly expanded our offerings

while positioning the company to accommodate growing demand and diversify vacation experiences for our valued members. Our curated portfolio now includes some of Dubai's most exclusive destinations, reinforcing our commitment to excellence in luxury vacation ownership.

Strive Services Group

Strive Services Group, our premier integrated property management entity headquartered in the heart of Dubai, stands as a model of excellence in asset management. Strive has solidified its position as a trusted partner in Dubai's thriving real estate sector, with a forward-looking vision toward new horizons of expansion.

In 2024, Strive achieved an outstanding year, reflecting its success in keeping pace with the rapid development of the real estate sector within the Emirate. With four subsidiaries under its umbrella, Strive has strengthened its presence as a major workforce employer, boasting many employees, and maintains a strategy centered on high-end residential and commercial asset sectors that meet the highest quality standards.

Strive has further enhanced its standing by capitalizing on the growing demand in Dubai's housing market, supported by strategic investments in advanced technological infrastructure and centralized operational platforms. These investments were not merely steps to enhance operational efficiency but also served as the cornerstone of an ambitious vision aimed at expanding the scope of its business and ensuring sustainable growth in the future.

Domus Managed Housing

Domus Managed Housing is the foremost company providing integrated employee housing solutions, offering

high-quality accommodation services to employees within its residential complexes, managed to the highest standards of comfort and efficiency. With a proven track record of success, Domus continues to grow from strength to strength, actively exploring ambitious expansion plans across the UAE and Saudi Arabia.

In 2024, Domus signed an agreement with a subsidiary of Arzan Financial Group in Dubai, under which the company will serve as the Asset Manager for the Domus Real Estate Fund. The fund focuses on the acquisition, development, and operation of investment properties dedicated to housing hospitality sector employees in Dubai. With the increasing demand for its services within the UAE, Domus is reinforcing its market leadership by diversifying its offerings to cover various segments of the corporate housing sector.

In 2024, Domus achieved a significant milestone by securing an agreement to operate a massive housing facility accommodating over 10,000 workers in Riyadh, Saudi Arabia, marking its first expansion outside the UAE.

Domus is steadfastly working toward its vision of becoming the "best-in-class operator in every market segment," with a focus on delivering exceptional leading-edge housing experiences that reflect excellence. Through its commitment to high-quality standards and its responsive approach to market needs, Domus is cementing its position as a trusted partner in the managed housing sector across the region. We look forward to forging new partnerships to expand our business and deliver even greater value to clients and communities.

Our International Projects

Zimbali Lakes

The KwaZulu-Natal region, home to the Zimbali Lakes Resort, emerged as one of the most attractive destinations for international investors seeking opportunities in the luxury rental market. The advanced infrastructure and stable investment climate further bolstered confidence in the real estate market.

The company has strengthened its presence in the South African market by launching its exclusive residential project, "TATALI Signature Villas," the only project in the KwaZulu-Natal region to hold the "Municipal Resort Zone 5" designation, which permits this type of development and the successful sale of 11 out of 14 premium sites in the project within just 48 hours of opening the bidding. The buyers included existing clients, investors, and real estate developers.

In the hospitality sector, South Africa experienced a rise in tourist numbers, particularly with the hosting of major sporting and cultural events, resulting in increased demand for luxury accommodations. The company capitalized on this upturn by launching the "Ernie Els Suites" in December 2024, which offer a unique hospitality experience combining luxury and natural beauty, making them an ideal choice for investors and travelers alike. In 2024, the transfer of land for Phase 1 and 2 of the Resort, with a value of R 127 million, was completed, along with the fully sold-out 32 Boulevard Edge apartment development.

The 18-hole Ernie Els Signature Golf Course has been completed and will be opening in April 2025. The affiliation with Ernie Els has further boosted the Zimbali Lakes brand through strategic global partnerships, exclusive events and creative advertising campaigns that showcase the enviable lifestyle, bespoke amenities and overall investment value of the estate.

Legends

During the year, IFAHR strengthened its investment through strategic partnerships aimed at enhancing the accessibility and long-term sustainability of key assets. At the Entabeni Private Game Reserve, LID collaborated with new stakeholders to create a more inclusive and dynamic Big Five experience, ensuring long-term value for all participants. At Legends Golf and Safari Resort, a strategic program has been implemented to optimize the development's

potential, fostering broader participation and unlocking new opportunities for growth. The business remains focused on enhancing the overall experience for stakeholders, maintaining a strong position in the sector, and advancing key projects that support long-term value creation. Through these partnerships, IFAHR continues to build on its commitment to responsible stewardship and sustainable expansion.

Future Vision

As we build upon our successful 2024 performance, we enter the new year with clear objectives. In 2025, we look forward to delivering our current development projects on schedule, securing our pipeline of future projects, and expanding our operating businesses to capture new opportunities. These initiatives will reinforce our market position while creating additional value for our stakeholders.

We remain confident that our well-defined strategic priorities, supported by our outstanding team and robust operational infrastructure, will continue to generate sustainable, long-term value for all stakeholders. The strength of our business model and our proven execution capabilities position us well to capitalize on the significant upside potential in our core markets.

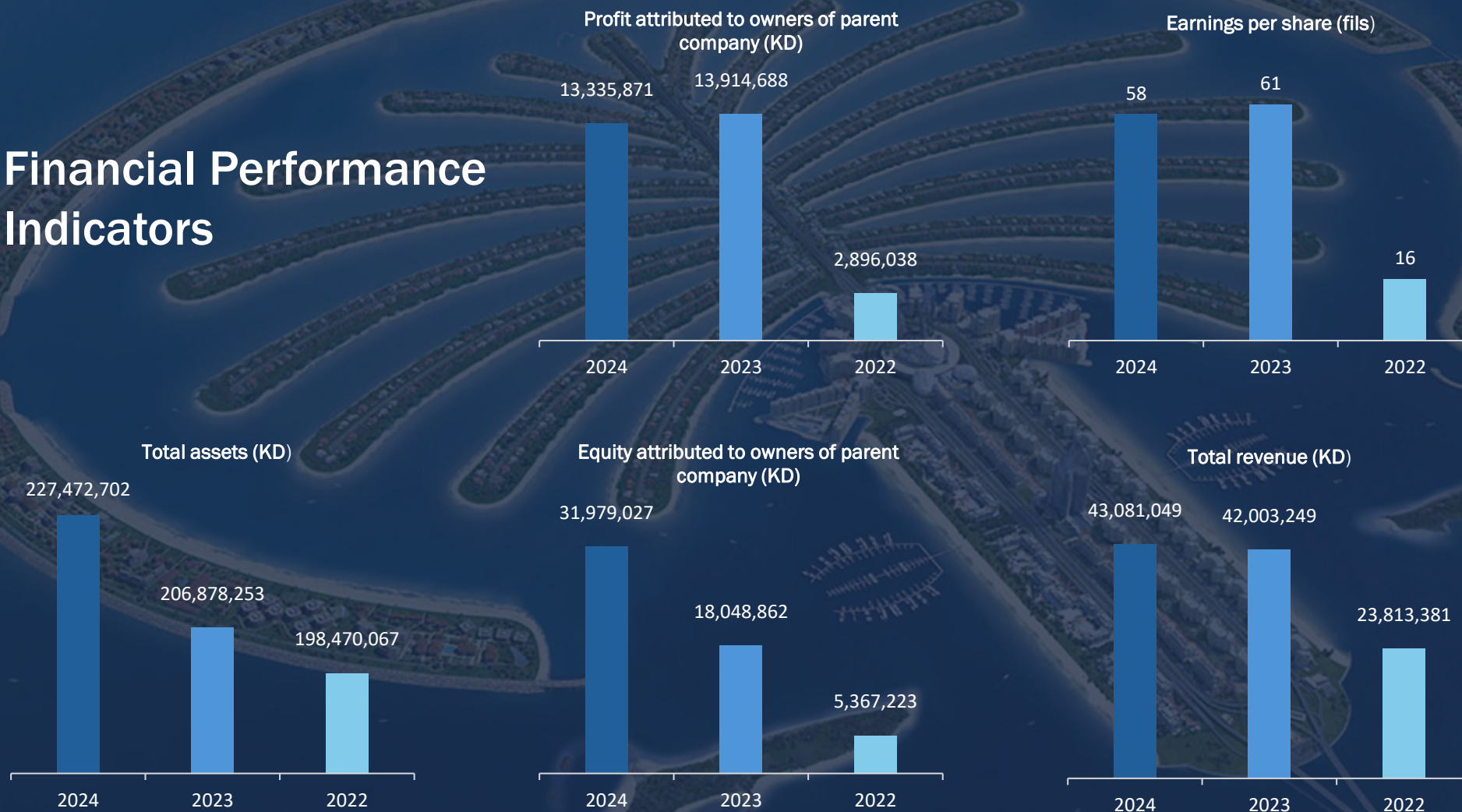
Looking ahead, we maintain an optimistic yet disciplined outlook. Our industry continues to present numerous opportunities for modernization and expansion, particularly in Dubai's dynamic markets. We are committed to pursuing these opportunities while maintaining our approach on operational excellence and delivering superior experiences for our members.

We thank you for your trust and support throughout this journey. Together, we are building a future defined by growth, innovation, and shared success.

Khaled Saeed Esbaitah
Chairman

Werner Burger
CEO

Financial Performance Indicators



Sustainability and Innovation

IFAHR have placed significant emphasis on sustainability and innovation across all projects. By developing projects that rely on clean energy and reduce carbon footprints, the company aims to promote a sustainable environment that supports economic and social growth.

Corporate Social Responsibility

Corporate Social Responsibility is a crucial aspect of modern business, emphasizing ethical practices, environmental sustainability, and community engagement. Companies that prioritize CSR not only contribute positively to society but also enhance their brand reputation and long-term profitability. IFA Hotels and Resorts, a global leader in luxury hospitality and mixed-use developments, has demonstrated a strong commitment to CSR through various initiatives. The company actively invests in eco-friendly construction and community development projects. By integrating responsible business practices, IFAHR not only minimizes its environmental footprint but also creates lasting social and economic benefits for the communities in which it operates. Their efforts reflect a broader industry trend toward sustainable growth, ensuring that hospitality development aligns with environmental conservation and social well-being.

Our local CSR activities

Kuwait Association for the Care of Children in Hospital (KACCH)

KACCH is a charity-based NGO dedicated to providing free essential medical and psychosocial services for pediatric patients in Kuwait, with a special emphasis on enhancing the quality of life for children nearing the end of life. IFA Hotels and Resorts has reaffirmed its commitment to supporting the community by donating funds to (KACCH) as part of its Corporate Social Responsibility programs. This donation is part of a five-year commitment by IFAHR to support KACCH's vital mission of bringing comfort and care to children and their families during challenging times. This long-term partnership reflects IFAHR's dedication to making a meaningful and lasting impact on the lives of those in need.

Iftar Sa'em

As part of its CSR initiatives, IFAHR actively participated in "Iftar Sa'em" during the holy month of Ramadan. The initiative involved the distribution of Iftar meals to workers and individuals fasting during the month.

Through this meaningful contribution, IFAHR aimed to embody the spirit of generosity, compassion, and community that defines Ramadan. The campaign not only provided essential support to the less fortunate but also

strengthened the company's commitment to fostering social solidarity and making a positive impact on the lives of others during this special time of year.

Shuwaikh Beach Cleaning

In 2024, IFA Hotels and Resorts participated in a beach cleaning drive at Shuwaikh Beach as part of its CSR efforts. The activity aimed to promote environmental sustainability and raise awareness about the importance of preserving marine ecosystems.

Employees and volunteers from the company joined hands to collect waste, demonstrating IFAHR's commitment to protecting Kuwait's natural heritage. This reflects the company's dedication to fostering a cleaner, greener community while inspiring others to take part in similar environmental conservation activities.



Governance Report 2024

Message from the Chairman

Dear Stakeholders,

It is my pleasure to present the Annual Governance Report of IFA Hotels and Resorts Company for the fiscal year ended December 31, 2024. This report underscores the Company's compliance with the provisions of the Fifteenth Book (Corporate Governance) of the Executive Regulations of Law No. 7 of 2010 concerning the establishment of the Capital Markets Authority and the regulation of securities activities, as amended.

In 2024, the Company consistently and simultaneously disclosed its quarterly and annual financial statements, Board of Directors meetings and resolutions, and any changes in executive management as they occurred. The Company also updated its list of insiders promptly upon any changes and reviewed and revised governance policies to align with legal and regulatory updates.

Khalid Saeed Esbaitah
Chairman of the Board of Directors

Introduction

IFA Hotels and Resorts adopts sound governance principles, international best practices and IFA Hotels and Resorts Company adheres to sound governance principles, global best practices, and regulatory requirements issued by the Capital Markets Authority, the Kuwait Stock Exchange, and the Ministry of Commerce. This ensures smooth operations, adaptability to ongoing challenges, and balanced relationships between the Company and its stakeholders.

The Company upholds the highest levels of disclosure and transparency by continuously informing investors and stakeholders of financial and material information through the Kuwait Stock Exchange website and the Company's official portal. It also ensures equitable treatment of all shareholders in accordance with laws, regulations, and the Company's Articles of Association.

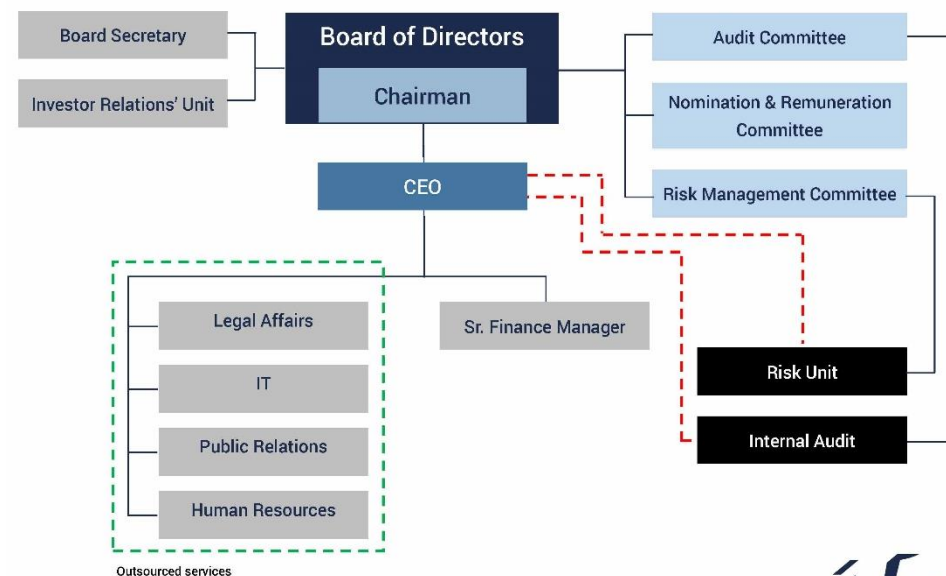
Rule I: Board of Directors – Composition and Structure

The Board of Directors of Eva Hotels and Resorts Company holds all necessary powers to manage the Company's affairs, except those reserved for the General Assembly under Law No. 1 of 2016 (Companies Law) and the Company's Articles of Association. The Board is responsible for supporting the administrative structure, maintaining strategic direction, ensuring efficiency, enhancing integrity, and fostering accountability.

Board of Directors' Composition

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

- The Board consists of six non-executive members elected by the General Assembly via secret ballot (Article 13 of the Articles of Association).
- One-third of the Board members are independent.



May 2023



Consent of the Independent Board Members

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

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

Bander S. Al-Jarallah

Signature:

Date:

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

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3. I am not a member of a Board of Directors in any company of the group.
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8. I pledge to notify the Company upon non-compliance to any of the above-mentioned independence requirements or any requirement determined by regulatory entities.
9. The Company shall have the right to take all required procedures should it be deemed that the above acknowledgement is not true.

Emad Abdullah Al-Essa

Signature:

Date:

	Khaled Saeed Esbaitah	Talal J Al-Bahar	Emad A. Al-Essa	Carlos Alberto Leal	Bander Al-Jarallah	Saad Al-Muneefi
Directorship	Chairman Non-executive	Vice Chairman Non-executive	Director Non-executive	Director Non-executive	Director Independent	Director Non-executive
Appointment/elected	1 May 2024	1 May 2024	1 May 2024	1 May 2024	1 May 2024	4 July 2024
Qualifications	Bachelor of Science Architecture University of Florida	Bachelor Degree in Business Administration Loyola Marymount University	Bachelor Degree in Business Administration California State Polytechnic University	Business Management Diploma Damelin Management School Building Surveying Diploma Natale Technikon Natal	Bachelor Degree in Business Administration California State University	Bachelor Degree – Finance Florida State University
Current posts	Board Member Kuwait Real Estate Company	Vice Chairman & CEO Kuwait Real Estate Company Board Member Commercial Real Estate Company Board Member Boursa Kuwait Chairman United Investments Portugal Chairman Arzan Financial Group	Board Member Arzan Financial Group for Finance and Investment Chairman National Slaughterhouse Co. Chairman ACICO Industrial Co.	General Manager United investments Portugal	Founder & CEO Al Fouz International Company CEO Kuwait Cotton Products Company Managing Director Al Jarallah Transportation Group	VP-Asset Management Kuwait Real Estate Company Vice Chairman & CEO ACTIVE Holding Board Member Sanam Real Estate Company Board Member Eradat International Real Estate

Heba Jaber, Board Secretary, Bachelor degree in Business Administration, AOU

IFA Hotels & Resorts Board of Directors meetings during the financial year ended on 31 December 2024

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

The Board of Directors held six meetings during 2024 as follows:

Name	BOD #1	BOD #2	BOD #3	BOD #4	BOD #5	BOD #6
Khaled Esbaitah	✓	✓	✓	✓	✓	✓
Talal Al-Bahar	✓	✓	✓	✓	✓	✓
Emad Al-Essa	✓	✓	✓	✓	✓	✓
Carlos Alberto Leal	✓	✓	✓	✓	✓	✓
Bandar Al-Jarallah	✓	✓	✓	✓	✓	✓
Bander Al-Jarallah	✓	✓	✓	✓	✓	✓
Saad Al-Muneefi				✓	✓	✓
Heba Jaber Ibrahim	✓	✓	✓	✓	✓	✓

Registering, coordinating and archiving minutes of Board meetings

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

Board Secretary

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

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

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

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

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

On 1 May 2024, the Board of Directors reappointed Heba Jaber as Secretary to the Board and Committees.

Rule II: Establish Appropriate Roles and Responsibilities

Board of Directors

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

Date of formation:	1 May 2024
Members:	<ul style="list-style-type: none">- Khaled Saeed Esbaitah- Talal Jassim Al-Bahar- Emad Abdullah Al-Essa- Bander Suliman Al-Jarallah- Carlos Alberto Leal- Saad Naser Al-Muneefi
Responsibilities:	<ul style="list-style-type: none">▪ Approving company major goals, strategies, plans and policies.▪ Approving phase and annual financial information.▪ Ensuring the company's commitment to policies and procedures that procure the company's compliance with internal applicable rules and regulations.▪ Safeguarding accuracy and validity of the data and information to be disclosed in accordance with applicable disclosure and transparency policies and rules.▪ Establishing effective communication channels that enable the company shareholders periodic and continuous access to company various activities and any essential developments therein.▪ Monitoring performance of each member of a Board of Directors and executive management member subject to Key Performance Indicators (KPIs).▪ Preparing an annual report to be cited in the annual general assembly including the requirements and procedures of completing corporate governance rules and commitment degree thereof.▪ Ensuring that company certified policies and conditions are transparent and clear so that resolutions' taking and wise governance principles are applied. This in addition to separating authorities of both the Board of Directors and Executive Management.▪ Determining the authorities delegated to the Executive Management, the decision-making procedures and the duration of the commissioning.▪ Supervising and monitoring the performance of the Executive Management as well as ensure that they perform all their duties.▪ Setting a policy regulating the relationship with stakeholders to protect their rights.▪ Setting a mechanism to regulate dealings with Related Parties to avoid conflicts of interest.▪ Develop a plan/policy for integrating sustainability factors in the Company's comprehensive strategy, main work plans, and the risk assessment and management process.
In 2024, the Board:	<ul style="list-style-type: none">• Supervised the performance of the Executive Management as well as ensure that they perform all their duties.• Reviewed and approved period and annual financial statement for the Company and its subsidiaries.• Monitored the performance of each member of a Board of Directors and executive management members.• Reviewed all Risk Management Reports.• Reviewed Internal Audit activity

No. of meetings: 6 Meetings

Responsibilities of the Chairman

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

Responsibilities of Board Members

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

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

Board of Directors' Code of Conduct

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

Board of Directors' Charter

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

Board of Directors' Committees

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

Mechanism that Enables Board Members Obtain Timely Information and Data

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

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

Forming the Nomination & Remuneration Committee

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

Date of formation:	1 May 2024
Members:	<ul style="list-style-type: none">- Talal Jassim Al-Bahar-Chairman, Non-Executive- Saad Naser Al-Muneefi- Bander Suliman Al-Jarallah-Member, Independent
Responsibilities:	<ul style="list-style-type: none">▪ Recommending nomination and re-nomination acceptance for Members of a Board of Directors and executive management members.▪ Setting a clear policy for Members of a Board of Directors and Executive Management members' remunerations, along with annual review of the required proper skills needs for Board membership.▪ Ensuring that Members of a Board of Directors independency is valid.▪ Preparing a detailed annual report for all remunerations given to Members of a Board of Directors and executive management members; whether cash or benefits or privileges, of whatever nature and title. However, this report shall be referred to the general assembly for approval and to be read by the Board Chairman.
In 2024, the Committee:	<ul style="list-style-type: none">• Ensured the independency of the independent Board Member, Mr. Bander Suliman Al-Jarallah.• Prepared a detailed annual report for all remunerations given to Members of a Board of Directors and Executive Management members; whether cash or benefits or privileges, of whatever nature and title to be read by the Board Chairman.• Recommend the nomination /re-nomination of board members
No. of meetings:	2 Meetings

IFAHR's Nomination Policy

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

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

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

IFAHR's Remuneration Policy

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

Rule IV: Safeguard the Integrity of Financial Reporting

Written Undertaking of the Soundness and Integrity of Financial Reporting

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

Forming the Audit Committee

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

During 2024 there was no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors

External Auditor Independence

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

At its meeting held on 30 April 2024, the Annual General Assembly approved the appointment of Messrs. Grant Thornton-Al Qatami, Al Aiban & Co. as the Company's Auditor for the financial year ended 31 December 2024.

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

Date of formation:	1 May 2024
Members:	<ul style="list-style-type: none"> - Talal Jassim Al-Bahar-Chairman, Non-Executive - Saad Naser Al-Muneefi-Member, Non-Executive - Bander Suliman Al-Jarallah-Member, Independent
Responsibilities:	<ul style="list-style-type: none"> ▪ Approving company major goals, strategies, plans and Review periodical financial statements prior to their submission to the Board of Directors and provide the Board with opinion and recommendation concerning them, in order to ensure accuracy and transparency of financial statements. ▪ Provide the Board of Directors with its recommendations concerning the appointment, re-appointment, or replacement of the External Auditors, and specify the remunerations thereof. ▪ Follow up works of external Auditors and ensure no services other than services related to audit functions are provided to the company. ▪ Review remarks of external auditors on the company financial statements and follow up measures taken regarding them. ▪ Consider the applied accounting policies and provide the Board of Directors with opinion and recommendation in this regard. ▪ Evaluate the extent of sufficiency of internal audit systems in place, and prepare a report including the opinion and recommendations of the committee in this regard. ▪ Supervise the company's internal audit department, in order to ensure its effectiveness in performing the operations and tasks assigned by the board of directors. ▪ Review the results of the internal audit reports and ensure that the necessary corrective actions were taken concerning the observations stated in such reports. ▪ Review the outcomes of regulatory bodies' reports and ensure that necessary measures were taken in this regard. ▪ Verify the company compliance with related rules, policies and regulations.
in 2024, the Committee:	<ul style="list-style-type: none"> • Reviewed periodical financial statements prior to their submission to the Board of Directors and provide the Board with opinion and recommendation concerning them, in order to ensure accuracy and transparency of financial statements. • Provided the Board of Directors with its recommendations concerning the re-appointment the external Auditor. • Followed up works of external Auditor and ensure no services other than services related to audit functions are provided to the company. • Reviewed remarks of external auditors on the company financial statements and follow up measures taken regarding them. • Evaluate the extent of sufficiency of internal audit systems in place, and prepare a report including the opinion and recommendations of the committee in this regard. • Supervise the company's internal audit department • Verified the company compliance with related rules, policies and regulations • Held periodic meetings with the external auditor and Internal Audit.
No. of meetings:	4 Meetings

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

Forming Risk Department/Office/Unit

The Company has outsourced a specialized and independent consultancy firm to provide Risk Management services. The outsourced firm is independent as per Decision No. 124 of 2018 regarding the amendment of some provisions of Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010, regarding the establishment of Capital Markets Authority and regulating securities activities and their amendments and the amendment to item 3 Article 6-3 to **“Officials of risk department/ office, unit shall be independent through the direct affiliation thereof to the Risk Management**

Date of formation:

1 May 2024

Members:

- Emad Abdullah Al-Essa-Member, Non-Executive
- Saad Naser Al-Muneefi, Member, Non-Executive
- Bander Suliman Al-Jarallah-Member, Independent

Responsibilities:

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

In 2024, the Committee:

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

No. of meetings:

4 Meetings

Committee. In addition, they shall assume a significant extent of powers, in order to perform their roles properly without being granted financial powers and authorities”.

Forming the Risk Management Committee

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

Risk Management Systems:

Elements of Internal Control Systems

Organizational Structure

The Company's organizational structure defines responsibilities and delegates authorities with clear unambiguous structural relationship. It also reflects Company's investment strategies and structure. The Board of Directors is keen on selecting and appointing a high-calibre CEO known for good integrity and technical experience in the Company's work field. Additionally, the Board of Directors approves the appointment of Senior Executive Management who will be working under the supervision of the CEO. The Executive Management is provided with sufficient supervision to ensure its fulfilling the role entrusted to it, and in line with Company's objectives, and to ensure the implementation of the policies approved by the Board.

Delegation of Authorities

The Board of Directors has delegated authorities to the Executive Management, through a written financial and operational authority's matrix, to carry out the day-to-day operations with the supervision of the CEO. Other financial transaction, which cannot be delegated to the Executive Management and CEO and requires the approval of the Board of Directors are clearly clarified. The CEO is fully responsible for the management of the Company as well as the assessment of its performance. Additionally, the CEO runs the Company's in accordance to the strategies objectives and policies approved by the Board of Directors.

Information Technology

The Company uses a set of advanced systems of international standards and effectively contribute to internal control and provide accurate and transparent information.

Internal Control Procedures

Internal Control Procedures include internal control, accounting and internal control systems which are applied periodically. Clear procedures to enable employees contact the Chairman of the Company to report their concerns about the possibility of irregularities or wrongdoing have been set. The procedures ensure that whistle-blowers are guaranteed adequate protection and are not subjected to threats or disciplinary action even if such concerns are invalid.

Internal Control Documentation System

All documents related to internal control systems are classified and archived for use in

staff training and examinations that are designed to efficiency and effectiveness of the systems. Job descriptions for all jobs have been created with detailed descriptions of duties and responsibilities.

Availability of High Calibre Employees

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

Forming Internal Audit Activity

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

Review of Internal Control Systems by an Independent External Entity

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

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

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

Rule VI: Promote Code of Conduct and Ethical Standards

Code of Conduct

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

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

Conflict of Interests

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

Rule VII: Ensure Timely and Detailed Disclosures and Transparency

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

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

Forming Investors' Affairs Unit

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

Rule VIII: Respect the Rights of Shareholders

“Protecting Shareholders’ Rights” Policy

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

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

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

Maintain Special Register at the Clearing Company

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

Participation of Shareholders in General Assembly Meeting

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

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

The Company encourages all its shareholders to attend General Assembly Meetings and vote on their resolutions, including the election of Member for the Board of Directors. Moreover, the shareholder has the right to appoint another person to attend the General

Assembly Meetings on his/her behalf through a special proxy and has access to all information and reports related to items on General Assembly Meeting’s Agenda, particularly Board of Directors report, Independent Auditor report and financial statements, prior to the meetings.

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

The company holds its Annual General Meetings in-person and through Kuwait Clearing Company’s “electronic system”.

Rule IX: Recognize the Role of Stakeholders

Stakeholders’ Right

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

Board of Directors’ responsibilities toward stakeholders:

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

Encourage Stakeholders’ Participation

IFAHR protects the rights of the stakeholders by:

- Treating all stakeholders fairly and equally
- Allowing all stakeholders access to information about the Company and its activities

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

Rule X: Encourage and Enhance Performance

Assessment and Development of the Board

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

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

Board of Directors and Executive Management Training Policy

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

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

Integrated Reports

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

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

Value Creation

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

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

Rule XI: Corporate Social Responsibility

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



Remuneration Report 2024

In compliance with Resolution No. (118) of 2019, issued by Capital Markets Authority, regarding the amendment of Appendix (3) “Structure of Remuneration Report” of Module Fifteen (Corporate Governance), below is the Remuneration Report as of 31 December 2024:

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

Remunerations and Benefits of Members of the Board of Directors							
Board Members	Remuneration through the parent company			Remuneration through subsidiaries			
	Fixed Remuneration	Variable Remuneration		Fixed Remuneration		Variable Remuneration	
	Health Insurance	Annual Remuneration	Committees' Remuneration	Health Insurance	Monthly Salary	Annual Remuneration	Committees' Remuneration
6 members	0	45,000	0	0	0	0	0

Total Remunerations and Benefits Granted to Senior Executive Managers														
	Remuneration through the parent company						Variable Remuneration	Remuneration through subsidiaries						Variable Remuneration
	Salaries	Health Insurance	Tickets	Housing	Transportation	Children Education	Annual Remuneration	Salaries	Health Insurance	Tickets	Housing	Transportation	Children Education	Annual Remuneration
14	25,200	1,893	1,540	0	0	0	4,200	440,565	49,808	29,359	196,741	65,580	0	163,088



Audit Committee Report 2024

Introduction

In accordance with Article 5, Clause 7 of the Fifteenth Book (Corporate Governance) of the Executive Regulations issued by the Capital Markets Authority in the State of Kuwait, which stipulates that one of the responsibilities of the Audit Committee is to evaluate the adequacy of the internal control systems implemented within the company, this report has been prepared. The report aims to present the findings and recommendations of the committee in this regard to the Board of Directors of IFA Hotels & Resorts Company ("the Company").

Reporting Period

The financial year ending on December 31, 2024.

Audit Committee

The Audit Committee meets at least four times annually (as per the Charter). All members were elected by the Board of Directors, and their membership term is three years.

Relationship Between the Audit Committee and the Board of Directors

No conflicts arose between the recommendations of the Audit Committee and the decisions of the Board of Directors during 2024.

Responsibilities of the Audit Committee

We have adopted appropriate methodologies in our charter, aligned with the internal corporate governance regulations, and managed operations in accordance with this charter.

Independence and Effectiveness of the External Auditor for the Financial Statements

The Ordinary General Assembly of IFA Hotels & Resorts Company appointed the external auditor for the financial statements (the external auditor) based on the recommendation of the Audit Committee. The auditor is Al-Qatami, Al-Abian, and Partners (Grant Thornton).

The committee also performed the following:

- Reviewed the scope of work and contract terms.
- Verified the auditor's independence, objectivity, and fairness.
- Ensured that the auditor did not perform any technical or administrative work outside the scope of their duties or express opinions beyond their mandate.
- Evaluated the auditor's performance.

We confirm the independence and effectiveness of the external auditor for the financial statements during the year under review.

Evaluation of the Financial Statements

The committee performed the following:

- Reviewed and discussed the audited annual financial statements with the external auditor, executive management, and internal auditors.

- Reviewed changes in accounting policies and practices.
- Reviewed the company's compliance with legal and regulatory requirements.
- Reviewed material adjustments, none of which arose from the audit. We agree with the report of the external auditor for the financial statements and accept the audited annual financial statements, endorsing the auditor's report on the financial statements.

Effectiveness of Internal Controls

In line with the corporate governance regulations:

In addition to the Audit Committee, IFA Hotels & Resorts Company has two sub-committees under the Board of Directors: - Risk Management Committee. - Nominations and Remuneration Committee.

The internal audit activity provides assurance to the Audit Committee and the Board of Directors that the internal controls of IFA Hotels & Resorts Company are appropriate and effective. This is achieved through the risk management process (financial and non-financial) and by identifying corrective actions and enhancements to controls and processes.

An independent audit firm (other than the external auditor) was appointed to evaluate and review the internal control systems for the year ending December 31, 2024, and to prepare a report on this matter (Internal Control Report). We also reviewed and discussed the ICR report. A copy of the report will be submitted to the Authority, and we can confirm the efficiency and effectiveness of the internal control system during the reporting period.

Based on the various reports from the internal auditors, the ICR, and the audit of the annual financial statements, no material weaknesses were observed in the internal control system. Therefore, the internal control system at IFA Hotels & Resorts Company is efficient and effective.


Internal Control

We confirm that the internal audit activity (conducted by a consulting firm) operates effectively and has addressed risks related to IFA Hotels & Resorts Company during the audit processes. The internal audit completed its annual plan for 2024, as approved by the Audit Committee.

We met with the internal auditors during the year to ensure the activity was carried out effectively and objectively.

We confirm the content and quality of the reports prepared by the internal auditors for IFA Hotels & Resorts Company during the reporting period.

Chairman of the Audit Committee



Consolidated Financial Statements 2024

Independent auditor's report

To the Shareholders of
IFA Hotels and Resorts – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of IFA Hotels and Resorts - Kuwaiti Public Shareholding Company (the "Parent Company") and Subsidiaries, (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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 Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates that as of 31 December 2024, the Group's current liabilities exceeded its current assets by KD56,180,957. This condition indicates that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

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

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

- Land and buildings classified as property, plant and equipment (note 13) are stated at cost less depreciation and impairment losses. Management

assesses any impairment indication by determining the fair value of these assets.

- Trading properties (note 17) are stated at lower of cost and net realizable value (NRV). Management assesses the NRV by determining the fair value of these assets.
- Investment properties (note 14) are stated at fair value.

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

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

Investments accounted for using equity method of accounting

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

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for these investments. During our audit we communicated

with the components' auditors. We also provided instructions to the components' auditors covering the significant areas and risks to be addressed including the identification of related parties and transactions. Furthermore, we evaluated the Group's methodology and testing of the key assumptions used by the Group in determining the recoverable amount based on the higher of fair value less cost to sell and value-in-use. We also assessed the adequacy of the Group's disclosures in Note 15 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and 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, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 Concerning Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea
License no. 141 A
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
25 March 2025

Consolidated statement of profit or loss

	Note	Year ended 31 Dec 2024	Year ended 31 Dec 2023
		KD	KD
Revenue	7	37,443,179	35,117,324
Cost of revenue		(16,531,584)	(15,829,772)
Net income from ticket sales and related services		20,911,595	19,287,552
Share of results of associates and joint ventures	15	442,938	267,290
Change in fair value of investment properties	14	18,594,691	7,301,531
Gain on transfer of trading properties to investment properties	14	62,006	41,822
Gain on sale of investment properties		2,025,076	-
Gain on sale of assets held for sale		-	70,567
Interest income		-	13,539,953
Other income		680,543	374,336
		364,200	1,120,198
		43,081,049	42,003,249
Expenses and other charges			
Staff costs		(3,626,733)	(3,356,328)
Sales and marketing expenses		(1,599,617)	(1,524,577)
Other operating expenses and charges		(9,185,931)	(11,244,241)
Net impairment losses and provision charges		(153,739)	(453,680)
Depreciation and amortisation		(3,413,761)	(2,886,331)
Finance cost	8	(7,186,779)	(5,496,603)
		(25,166,560)	(24,961,760)
Profit for the year before taxation		17,914,489	17,041,489
Taxation	9	(1,166,148)	(900,564)
Profit for the year	10	16,748,341	16,140,925
Attributable to:			
Owners of the Parent Company		13,335,871	13,914,688
Non-controlling interests		3,412,470	2,226,237
		16,748,341	16,140,925
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	12	58.2	60.7

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Profit for the year	16,748,341	16,140,925
<i>Other comprehensive income/(loss):</i> <i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising from translation of foreign operations	629,568	(684,586)
	629,568	(684,586)
<i>Items that will not to be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net change in fair value of investments at FVTOCI	133,053	134,264
	133,053	134,264
Total other comprehensive income/(loss) for the year	762,621	(550,322)
Total comprehensive income for the year	17,510,962	15,590,603
Attributable to:		
Owners of the Parent Company	13,930,165	13,408,014
Non-controlling interests	3,580,797	2,182,589
	17,510,962	15,590,603

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements

Consolidated statement of financial position

	Note	31 Dec. 2024	31 Dec. 2023
		KD	KD
Assets			
Non-current assets			
Goodwill		1,180,534	1,177,107
Property, plant and equipment	13	82,922,485	82,996,790
Right-of-use assets		1,232,127	840,253
Investment properties	14	6,787,903	2,581,275
Investment in associates and joint ventures	15	97,192,614	78,617,826
Accounts receivable and other assets	16	5,064,762	5,144,625
Net investment in sub-finance lease		1,531,891	1,222,516
Investments at fair value through other comprehensive income		1,079,425	946,372
Total non-current assets		196,991,741	173,526,764
Current assets			
Accounts receivable and other assets	16	15,884,365	16,454,709
Trading properties	17	5,733,304	7,881,437
Net investment in sub-finance lease		802,136	683,962
Cash and cash equivalents	18	8,061,156	8,331,381
Total current assets		30,480,961	33,351,489
Total assets		227,472,702	206,878,253
Equity and Liabilities			
Equity attributable to the owners of the Parent Company			
Share capital	19	22,928,069	18,342,455
Share premium	19	246,011	246,011
Treasury shares	20	(246,011)	(246,011)
Statutory and voluntary reserves	21	5,705,248	2,914,148
Other components of equity	22	(12,887,612)	(13,481,906)
Retained earnings		16,233,322	10,274,165
Equity attributable to the owners of the Parent Company		31,979,027	18,048,862
Non-controlling interests	6.2	37,702,734	34,121,937
Total equity		69,681,761	52,170,799

Consolidated statement of financial position

	Note	31 Dec. 2024	31 Dec. 2023
		KD	KD
Non-current liabilities			
Borrowings	23	53,739,366	49,776,109
Lease liabilities		2,232,026	1,484,157
Redeemable preference shares	24	3,240,674	3,050,024
Advances received from customers	26	2,706,046	693,052
Due to related parties	30	7,535,456	8,590,908
Provision of employees' end of service benefits		1,675,455	1,636,234
Total non-current liabilities		71,129,023	65,230,484
Current liabilities			
Due to related parties	30	55,433,775	54,078,492
Accounts payable and other liabilities	25	26,049,410	24,982,773
Lease liabilities		709,766	586,921
Borrowings	23	3,822,505	6,520,427
Advances received from customers	26	646,462	3,308,357
Total current liabilities		86,661,918	89,476,970
Total liabilities		157,790,941	154,707,454
Total equity and liabilities		227,472,702	206,878,253

Talal Jassem Mohammed Al-Bahar
Vice-Chairman

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance as at 1 January 2024	18,342,455	246,011	(246,011)	2,914,148	(13,481,906)	10,274,165	18,048,862	34,121,937	52,170,799
Bonus shares (note 27)	4,585,614	-	-	-	-	(4,585,614)	-	-	-
Transactions with owners	4,585,614	-	-	-	-	(4,585,614)	-	-	-
Profit for the year	-	-	-	-	-	13,335,871	13,335,871	3,412,470	16,748,341
Other comprehensive income for the year	-	-	-	-	594,294	-	594,294	168,327	762,621
Total comprehensive income for the year	-	-	-	-	594,294	13,335,871	13,930,165	3,580,797	17,510,962
Transfer to statutory and voluntary reserves	-	-	-	2,791,100	-	(2,791,100)	-	-	-
Balance as at 31 December 2024	22,928,069	246,011	(246,011)	5,705,248	(12,887,612)	16,233,322	31,979,027	37,702,734	69,681,761

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	(Accumulated losses)/retained earnings KD	Sub-total KD	KD	KD
Balance as at 1 January 2023	63,543,420	246,011	(246,011)	-	(12,975,232)	(45,200,965)	5,367,223	31,451,438	36,818,661
Write-off of accumulated losses (note 27)	(45,200,965)	-	-	-	-	45,200,965	-	-	-
Arising from partial disposal/acquisition of additional shares of subsidiaries-net	-	-	-	-	-	(933,247)	(933,247)	(2,911,633)	(3,844,880)
Non-controlling interests arising from partial disposal of a subsidiary	-	-	-	-	-	206,872	206,872	3,399,543	3,606,415
Transactions with owners	(45,200,965)	-	-	-	-	44,474,590	(726,375)	487,910	(238,465)
Profit for the year	-	-	-	-	-	13,914,688	13,914,688	2,226,237	16,140,925
Other comprehensive loss for the year	-	-	-	-	(506,674)	-	(506,674)	(43,648)	(550,322)
Total comprehensive (loss)/income for the year	-	-	-	-	(506,674)	13,914,688	13,408,014	2,182,589	15,590,603
Transfer to statutory and voluntary reserves	-	-	-	2,914,148	-	(2,914,148)	-	-	-
Balance as at 31 December 2023	18,342,455	246,011	(246,011)	2,914,148	(13,481,906)	10,274,165	18,048,862	34,121,937	52,170,799

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements

Consolidated statement of cash flows

	Note	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
OPERATING ACTIVITIES			
Profit for the year		16,748,341	16,140,925
Adjustments:			
Depreciation and amortisation		3,413,761	2,886,331
Finance costs		7,186,779	5,496,603
Change in fair value of investment properties		(62,006)	(41,822)
Gain on sale of investment properties		-	(70,567)
Share of results of associates and joint ventures		(18,594,691)	(7,301,531)
Gain on sale of assets held for sale		-	(13,539,953)
Gain on transfer of trading properties to investment properties		(2,025,076)	-
Net impairment losses and provision charges		153,739	453,680
Interest income		(680,543)	(374,336)
Loss on disposal of property, plant and equipment		2,668	4,500
Provision charge for employees' end of service benefits		339,529	571,272
		6,482,501	4,225,102
Changes in operating assets and liabilities:			
Accounts receivable and other assets		664,477	15,135,566
Properties under development		-	339,359
Trading properties		(124,285)	(1,097,118)
Accounts payable and other liabilities		441,952	(12,121,133)
Due to related parties		(705,062)	5,107,122
Advances received from customers		44,151	(1,060,621)
Net cash from operations		6,803,734	10,528,277
Payment of employees' end of service benefits		(305,926)	(423,517)
Net cash from operating activities		6,497,808	10,104,760
INVESTING ACTIVITIES			
Additions of property, plant and equipment		(2,745,775)	(1,741,631)
Proceeds from disposal of property, plant and equipment		844	56,259
Addition to investment properties		(44,954)	(2,330,768)
Proceeds from disposal of investment properties		6,680	3,906,068
Rental collection from investment in sub-finance lease		1,261,907	176,886
Movement in investment in associates and joint ventures		350,883	(2,152,926)
Interest income received		680,543	374,336
Net cash used in investing activities		(489,872)	(1,711,776)

Consolidated statement of cash flows

	Note	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
FINANCING ACTIVITIES			
Net increase/(decrease) in borrowings		141,482	(3,835,487)
Repayment of lease liabilities		(1,222,856)	(874,474)
Finance costs paid		(5,198,625)	(4,191,197)
Net cash used in financing activities		(6,279,999)	(8,901,158)
Decrease in cash and cash equivalents		(272,063)	(508,174)
Cash and cash equivalents at beginning of the year	18	7,895,582	8,403,756
Cash and cash equivalents at end of the year	18	7,623,519	7,895,582

The notes set out on pages 47 to 96 form an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 General information and nature of operations

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

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

The Parent Company is principally engaged in the following:

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

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

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 25 March 2025. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance with IFRS and going concern assumption

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due.

As at 31 December 2024, the Group’s current liabilities exceeded its current assets by KD56,180,957 (31 December 2023: KD56,125,481) which cast significant doubt about its ability to realize its assets and discharge its liabilities in the normal course of business. The current liabilities include instalments of borrowings of KD3,822,505 (31 December 2023: KD6,520,427) which are contractually due within 12 months from the end of the reporting period, and due to related parties of KD54,097,737 (31 December 2023: KD54,078,492) which do not have any specific repayment terms.

Notes to the consolidated financial statements

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

- The Group has recognized a net profit of KD16,748,341 for the year ended 31 December 2024.
- Additional repayment required will be met out from operating cash flows.
- The Group has access to a sufficient and variety of sources of funding and has a reasonable expectation that liabilities maturing within 12 months can be paid or rescheduled. Further, during the year the Group has successfully rescheduled its borrowings for a longer tenor.
- The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.

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

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

3 New or revised IFRS Accounting Standards or Interpretations

3.1 New IFRS Accounting Standards adopted as at 1 January 2024

The following amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of liabilities with debt covenants

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

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

IAS 1 Amendments - Classification of current or non-current

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

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

Notes to the consolidated financial statements

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

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

To meet the disclosure objectives, an entity is 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 adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IFRS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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

3.2 IFRS Accounting Standards, amendments and Interpretations to existing IFRS Accounting Standards that are not yet effective and have not been adopted early by the Group

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

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

IAS 21 Amendments – Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

Notes to the consolidated financial statements

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

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

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments

The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified; and,
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

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

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The major new requirements in IFRS 18 include

- Presentation of specific categories and sub totals in the statement of profit or loss
- Disclosures of management-defined performance measures (MPM)
- Improvement of aggregation and disaggregation

Management anticipates that the adoption of the new standard in the future may have an impact on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

4 Material accounting policies

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

Notes to the consolidated financial statements

4.1 Basis of preparation

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

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

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

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

4.2 Basis of consolidation

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

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

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

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

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

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

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

4.3 Business combinations

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

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

Notes to the consolidated financial statements

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

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

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

4.4 Investment in associates, joint ventures and joint operations

4.4.1 *Investment in associates and joint ventures*

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

4.4.2 Investment in joint operations

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

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

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

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

4.5 Segment reporting

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

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

4.6 Revenue recognition

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

The Group follows a 5-step process:

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

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

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

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

The Group recognises revenue from the following major sources:

4.6.1 Revenue from projects under development

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

Notes to the consolidated financial statements

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

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

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

4.6.2 Revenue from hotel operations and other related services

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

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

4.6.3 Beach club & residential service income revenue

Revenue from beach club and related services are recognised when the services are rendered.

4.7 Dividend income

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

4.8 Fees and commission income

Fees and commission income is recognised when earned.

4.9 Interest and similar income

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

4.10 Cost of sale of properties

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

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

4.11 Operating expenses

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

4.12 Finance costs

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

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

Notes to the consolidated financial statements

4.13 Leased assets

The Group as a lessee

For any new contracts entered into on or after 1 January 2024, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

Measurement and recognition of leases as a lessee

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

Right-of-use asset

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

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

Lease liability

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

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

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

The Group as a lessor

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

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

Notes to the consolidated financial statements

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

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

Net investment in sub-finance lease

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

4.14 Property, plant and equipment and depreciation

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

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

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

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

4.15 Capital work in progress

Capital work-in-progress includes land which is stated at cost less impairment in value, if any. The carrying value of land is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the value of land is written down to its recoverable amount.

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

4.16 Investment properties

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

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

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

Notes to the consolidated financial statements

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.17 Property under development

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

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

4.18 Trading properties

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

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

4.19 Impairment testing of goodwill and non-financial assets

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

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

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

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

4.20 Financial instruments

4.20.1 Recognition, initial measurement and derecognition

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

Notes to the consolidated financial statements

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

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

4.21.2 Classification and subsequent measurement of financial assets

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

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

The classification is determined by both:

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

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

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

4.21.3 Subsequent measurement of financial assets

Financial assets at amortised cost

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

Notes to the consolidated financial statements

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

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

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

- Cash and cash equivalents

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

- Receivables and other financial assets

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

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

Financial assets at FVTOCI

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

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

A financial asset is held for trading if:

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

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

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

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

4.20.4 Impairment of financial assets

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

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

Notes to the consolidated financial statements

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

Expected Credit Losses

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

Determining the stage of impairment

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

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

Measurement of ECLs

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

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

4.20.5 Classification and subsequent measurement of financial liabilities

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

Notes to the consolidated financial statements

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

- **Financial liabilities at amortised cost**

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

- **Borrowings**

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

- **Due to related parties**

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

- **Accounts payables and other financial liabilities**

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

4.21 Amortised cost of financial instruments

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

4.22 Trade and settlement date accounting

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

4.23 Offsetting of financial instruments

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

4.24 Fair value of financial instruments

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

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

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

4.25 Advances received from customers

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

4.26 Equity, reserves and dividend payments

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

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

Notes to the consolidated financial statements

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

Other components of equity include the following:

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

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

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

4.27 Treasury shares

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

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

4.28 Provisions, contingent assets and contingent liabilities

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

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

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

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

4.29 Foreign currency translation

4.29.1 Functional and presentation currency

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

4.29.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on

Notes to the consolidated financial statements

non-monetary asset classified as, “fair value through profit or loss” is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and “available for sale” are reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

4.29.3 Foreign operations

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

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

4.30 Related party transactions

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

4.31 End of service indemnity

The Parent, its local subsidiaries and the UAE subsidiary provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts.

The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

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

4.32 Taxation

4.32.1 National Labour Support Tax (NLST)

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

4.32.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

4.32.3 Zakat

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

4.32.4 Taxation on overseas subsidiaries

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

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

Notes to the consolidated financial statements

4.33 Goodwill

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

4.34 Climate-related matters

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

5 Significant management judgements and estimation uncertainty

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

5.1 Significant management judgments

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

5.1.1 Business model assessment

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

5.1.2 Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

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

5.1.3 Significant increase in credit risk

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

5.1.4 Control assessment

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

5.1.5 Significant influence

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

Notes to the consolidated financial statements

5.1.6 *Classification of real estate property*

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

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

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

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

5.2 *Estimation uncertainty*

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

5.2.1 *Percentage of completion*

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

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

5.2.2 *Cost to complete the projects*

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

5.2.3 *Impairment of goodwill*

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

5.2.4 *Impairment of financial assets*

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

5.2.5 *Impairment of associates and joint venture*

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

5.2.6 *Impairment of trading properties*

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

Notes to the consolidated financial statements

5.2.7 Useful lives of depreciable assets

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

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

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

5.2.9 Net realisable value of development properties

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

5.2.10 Revaluation of investment properties

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

5.2.11 Fair value of financial instruments

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

5.2.12 Provision for foreign taxation

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

Notes to the consolidated financial statements

6 Subsidiary companies

6.1 Composition of the Group

Details of the Group’s direct subsidiaries at the end of the reporting period are as follows:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			31 Dec. 2024	31 Dec. 2023
IFA Hotels & Resorts – FZE	UAE	Property development	100%	100%
IFA HI Real Estate Services Company – WLL	Kuwait	Property management and real estate	99%	99%
IFA Kuwait Building General Contracting Company – WLL	Kuwait	Buildings general contracting	85%	85%

Notes to the consolidated financial statements

6.2 Subsidiaries with material non-controlling interests

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

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) for the year allocated to NCI		Accumulated NCI	
	31 Dec. 2024 %	31 Dec. 2023 %	31 Dec. 2024 KD	31 Dec. 2023 KD	31 Dec. 2024 KD	31 Dec. 2023 KD
IFA Kuwait Building General Contracting	15.00%	15.00%	280,598	81,681	(1,925,735)	(2,200,392)
Subsidiaries of IFA Hotels & Resorts – FZE:						
IFA Hotels & Resorts 1 (Cayman Islands)	66.89%	66.89%	(567,515)	352,970	14,208,291	14,712,364
C Seventeen Investments	25.46%	25.46%	2,160,814	1,533,959	15,389,021	13,160,445
C Sixteen Investments	14.02%	14.02%	1,405,823	(44,559)	3,529,599	2,109,360
Subsidiaries of IFA HI Real Estate Services Company – WLL:						
Strive Group Investments LLC (a below)	35.00%	35.00%	127,335	305,425	6,902,493	6,744,890
Others:						
Individually immaterial subsidiaries with non-controlling interests			5,415	(3,239)	(400,935)	(404,730)
			3,412,470	2,226,237	37,702,734	34,121,937

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

Notes to the consolidated financial statements

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

Statement of financial position as at 31 December 2024 and 31 December 2023:

	IFA Kuwait Building General Contracting KD	IFA Hotels & Resorts 1 FZE KD	EIFA Estates Middle East KD	C Seventeen Investments KD	C Sixteen Investments KD	Strive Group Investments LLC KD
31 December 2024:						
Total assets	16,660,857	76,554,613	128,412	67,994,433	25,780,012	19,865,079
Total liabilities	29,524,983	56,925,210	1,912,706	3,278	591,473	9,229,590
Equity attributable to the owners of the Parent Company	(12,838,231)	5,421,112	(1,409,253)	52,602,135	21,658,940	3,732,996
Non-controlling interests	(25,895)	14,208,291	(375,041)	15,389,020	3,529,599	6,902,493
31 December 2023:						
Total assets	14,885,725	75,476,257	116,894	15,049,433	15,634,036	21,507,824
Total liabilities	29,581,155	55,086,597	1,918,007	1,873	584,643	11,283,394
Equity attributable to the owners of the Parent Company	(14,669,283)	5,677,297	(1,422,529)	1,887,114	12,940,032	3,479,539
Non-controlling interests	(26,147)	14,712,363	(378,584)	13,160,446	2,109,361	6,744,891

Notes to the consolidated financial statements

Statement of profit or loss for the year ended 31 December 2024 and 31 December 2023:

	IFA Kuwait Building General Contracting KD	IFA Hotels & Resorts 1 FZE KD	EIFA Estates Middle East KD	C Seventeen Investments KD	C Sixteen Investments KD	Strive Group Investments LLC KD
Year ended 31 December 2024:						
Revenue	3,174,869	19,729,570	724,355	-	-	6,390,516
Profit/(loss) for the year	1,870,652	(846,153)	24,634	8,485,702	10,027,267	195,900
Total comprehensive income/(loss) for the year	1,870,652	(846,153)	24,634	8,485,702	10,027,267	195,900
- attributable to the owners of the Parent Company	1,590,055	(278,638)	19,449	6,324,889	8,621,444	68,565
- attributable to NCI	280,597	(567,515)	5,185	2,160,813	1,405,823	127,335
Year ended 31 December 2023:						
Revenue	2,680,940	19,310,131	465,526	-	-	7,055,827
Profit/(loss) for the year	544,537	664,849	(14,256)	6,024,978	(317,823)	690,495
Total comprehensive (loss)/income for the year	544,537	664,849	(14,256)	6,024,978	(317,823)	690,495
- attributable to the owners of the Parent Company	462,856	311,879	(11,255)	4,491,019	(273,265)	385,069
- attributable to NCI	81,681	352,970	(3,001)	1,533,959	(44,558)	305,426

Notes to the consolidated financial statements

7 Revenue

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Revenue from projects under development	3,024,273	2,492,439
Revenue from sale of properties	11,929	691,598
Revenue from hotel operations	25,787,716	25,300,189
Revenue from residential facilities management services	5,058,047	4,333,873
Management fees & commissions	2,386,117	1,215,482
Rental & leasing income	1,167,620	990,751
Other	7,477	92,992
	37,443,179	35,117,324

8 Finance costs

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
<i>On financial liabilities at amortised costs:</i>		
Borrowings and redeemable preference shares	5,976,178	4,743,497
Balances with related parties	1,004,893	650,178
Lease liabilities	205,708	102,928
	7,186,779	5,496,603

9 Taxation

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Taxation charge on overseas subsidiaries	546,516	244,510
Provision for KFAS	131,065	145,707
Provision for Zakat	139,591	145,813
Provision for National Labour Support Tax (NLST)	348,976	364,534
	1,166,148	900,564

Notes to the consolidated financial statements

10 Profit for the year

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

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Hotel operation, maintenance and office expenses	7,122,277	5,712,556
Administration and management fee	482,461	977,940
Legal and professional fees and legal settlement costs	715,737	652,091
Settlement of claims by Homeowners Association in UAE	94,648	94,118
Rent operating leases	-	299,848

11 Net loss on financial assets and financial liabilities

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

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Financial assets at amortised cost:		
– Interest income	680,543	374,336
Financial assets at FVTOCI:		
– Recognised directly in consolidated statement of other comprehensive income	133,053	134,264
	813,596	508,600
Financial liabilities at amortised costs:		
Finance costs (note 8)	(7,186,779)	(5,496,603)
	(6,373,183)	(4,988,003)
Net loss recognised in the consolidated statement of profit or loss	(6,506,236)	(5,122,267)
Net income recognised in the consolidated statement of profit or loss and other comprehensive income	133,053	134,264
	(6,373,183)	(4,988,003)

Notes to the consolidated financial statements

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

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
Profit for the year attributable to the owners of the Parent Company (KD)	13,335,871	13,914,688
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	229,156,204	229,156,204
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	58.2	60.7

The basic and diluted earnings per share reported during the previous year was 75.9 Fils before retroactive adjustments relating to bonus shares issue (Note 27).

There were no potential dilutive shares.

Notes to the consolidated financial statements

13 Property, plant and equipment

	Land KD	Buildings on freehold land KD	Furniture and fixtures KD	Machinery and equipment KD	Motor vehicles KD	Total KD
Year ended 31 December 2024						
Cost:						
As at 1 January 2024	6,877,216	98,244,179	6,630,631	5,832,954	119,071	117,704,051
Additions	-	56,917	1,490,882	1,194,328	3,648	2,745,775
Disposals	-	(5,183)	(8,746)	-	-	(13,929)
Impairment	-	(167,709)	-	-	-	(167,709)
Foreign exchange adjustment	17,479	427,440	29,350	32,454	(2,445)	504,278
As at 31 December 2024	6,894,695	98,555,644	8,142,117	7,059,736	120,274	120,772,466
Accumulated depreciation and impairment losses:						
As at 1 January 2024	-	23,948,851	6,035,917	4,688,290	34,203	34,707,261
Depreciation for the year	-	1,907,079	344,919	719,764	18,768	2,990,530
Relating to disposals	-	(3,500)	(6,917)	-	-	(10,417)
Foreign exchange adjustment	-	114,042	27,541	22,096	(1,072)	162,607
As at 31 December 2024	-	25,966,472	6,401,460	5,430,150	51,899	37,849,981
Net book value						
As at 31 December 2024	6,894,695	72,589,172	1,740,657	1,629,586	68,375	82,922,485
Year ended 31 December 2023						
Cost:						
As at 1 January 2023	6,642,426	98,071,966	6,381,552	4,762,198	146,137	116,004,279
Additions	317,294	65,930	290,914	1,066,067	1,426	1,741,631
Disposals	(36,514)	(18,550)	(37,754)	-	(18,461)	(111,279)
Transfer to investment properties	(37,707)	-	-	-	-	(37,707)
Foreign exchange adjustment	(8,283)	124,833	(4,081)	4,689	(10,031)	107,127
As at 31 December 2023	6,877,216	98,244,179	6,630,631	5,832,954	119,071	117,704,051
Accumulated depreciation and impairment losses:						
As at 1 January 2023	-	21,970,605	5,813,255	4,408,445	19,228	32,211,533
Depreciation for the year	-	1,961,535	258,494	274,449	20,137	2,514,615
Relating to disposals	-	(8,811)	(37,754)	-	(3,956)	(50,521)
Foreign exchange adjustment	-	25,522	1,922	5,396	(1,206)	31,634
As at 31 December 2023	-	23,948,851	6,035,917	4,688,290	34,203	34,707,261
Net book value						
As at 31 December 2023	6,877,216	74,295,328	594,714	1,144,664	84,868	82,996,790

Certain property and equipment with an aggregate carrying value of KD69,953,536 (2023: KD81,433,979), located in UAE, have been pledged as security against borrowings (Note 23).

Notes to the consolidated financial statements

14 Investment properties

	31 Dec. 2024 KD	31 Dec. 2023 KD
Property and land - South Africa	4,262,204	131,786
Commercial and retail real estate properties – UAE	2,525,699	2,449,489
	6,787,903	2,581,275

The movement in investment properties is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance at the beginning of the year	2,581,275	3,992,025
Additions	44,954	2,330,768
Transferred from property, plant, and equipment	-	37,707
Transferred from trading properties	2,160,910	-
Disposal during the year	(6,680)	(3,835,501)
Gain on transfer of trading properties to investment properties	2,025,076	-
Change in fair value arising during the year	62,006	41,822
Foreign currency adjustment	(79,638)	14,454
Balance at end of the year	6,787,903	2,581,275

a) Certain properties with an aggregate carrying value of KD2,302,572 (2023: 2,129,627), located in UAE, have been pledged as security against borrowings (Note 23).

b) Details of fair valuation of investment properties are disclosed in note 31.4

15 Investment in associates and joint ventures

	31 Dec. 2024 KD	31 Dec. 2023 KD
Investment in associates (note 15.1)	11,553,982	11,875,848
Investment in joint ventures (Note 15.2)	85,638,632	66,741,978
	97,192,614	78,617,826

Notes to the consolidated financial statements

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

Name of the associate	Country of Incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at the year end	
			31 Dec. 2024	31 Dec. 2023
Legend and IFA Developments	South Africa	Property development, resorts accommodation and related services	50%	50%
United Hospitality Management	UAE	Hospitality management	49%	49%
Vacation Club Venture	UAE	Time share	35.23%	35.23%

15.1 Investment in associates

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

	31 Dec. 2024 KD	31 Dec.2023 KD
- Legend and IFA Development	15	15
- United Hospitality Management	33,924	63,078
- Vacation Club Venture	7,546,265	7,407,785
	7,580,204	7,470,878
Shareholders' loan – Legend and IFA Development	5,512,874	5,975,307
Less: provision for impairment in value of shareholders' loan	(1,539,096)	(1,570,337)
	11,553,982	11,875,848

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

	31 Dec. 2024 KD	31 Dec.2023 KD
Balance as at 1 January	11,875,848	10,532,328
Additions	-	4,099
(Decrease)/increase in shareholders' loan	(350,883)	57,713
Share of results	76,095	1,592,781
Foreign currency translation adjustments	(47,078)	(311,073)
Balance at the end of the year	11,553,982	11,875,848

Notes to the consolidated financial statements

15.1.3 Summarised financial information of associates:

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

	Legend and IFA Development		United Hospitality Management		Vacation Club Venture	
	31 Dec. 2024 KD	31 Dec. 2023 KD	31 Dec. 2024 KD	31 Dec. 2023 KD	31 Dec. 2024 KD	31 Dec. 2023 KD
Summarised statement of financial position						
Total assets	6,998,735	7,561,190	467,340	271,432	22,659,660	20,259,376
Total liabilities	(11,483,611)	(12,095,084)	(414,168)	(142,701)	(3,503,382)	(1,515,166)
Equity attributable to the owners of the associate	(4,484,876)	(4,533,894)	53,172	128,731	19,156,278	18,744,210
Group's ownership interest	50%	50%	49%	49%	35.23%	35.23%
Group's share of net assets of the associate *	-	-	26,054	63,078	6,748,757	6,603,585
Shareholders' loans - net (Note 31) **	3,973,778	4,404,970	-	-	-	-
Other adjustments	15	15	7,870	-	797,508	804,200
Carrying value	3,973,793	4,404,985	33,924	63,078	7,546,265	7,407,785
Summarised statement of profit or loss						
Revenue	78,463	129,316	629,919	293,573	519,260	464,380
(Loss)/profit for the year	(235,565)	(199,017)	(59,788)	120,567	299,158	4,353,401
Total comprehensive (loss)/income for the year	(235,565)	(199,017)	(59,788)	120,567	299,158	4,353,401

* The Group's investment in Legend and IFA Developments (Pty) Ltd has been fully written down to zero as the cumulative share of losses exceeded the carrying amount of the investment. Should the associate subsequently report profits, the Group will resume recognizing its share of profits only after its share of unrecognized losses has been recovered. The accumulated unrecognised losses of Legend and IFA Development (Pty) Ltd amounted to KD2,290,235 (2023: KD2,266,947).

Notes to the consolidated financial statements

** Details of the shareholders loan provided to Legend and IFA Developments (Pty) Ltd. is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Interest bearing and not repayable within 12 months	301,475	259,550
Non-interest bearing and not repayable within 12 months	4,676,088	5,138,067
Total loan balance	4,977,563	5,397,617
Less: cumulative credit loss balance	(1,003,785)	(992,647)
Net shareholders loan	3,973,778	4,404,970

15.2 Investment in joint ventures

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

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at the year end	
			31 Dec. 2024	31 Dec. 2023
C Seventeen (15.2.1)	Cayman Island	Residential properties management	50%	50%
C Sixteen Limited (15.2.2)	Cayman Island	Residential properties management	50%	50%

15.2.1 C Seventeen

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance as at 1 January	51,692,546	45,614,598
Share of results *	8,487,092	6,026,534
Foreign currency translation adjustments	266,159	51,414
Balance as at 31 December	60,445,797	51,692,546

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

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Summary of statement of financial position:		
Total assets	154,285,818	123,751,699
Total liabilities	(48,806,537)	(36,023,012)
Net assets	105,479,281	87,728,687

Notes to the consolidated financial statements

	31 Dec. 2024 KD	31 Dec. 2023 KD
Summary of statement of profit or loss for the year:		
Income	45,863,423	38,225,888
Expenses	(20,901,387)	(20,500,787)
Profit for the year	24,962,036	17,725,101

15.2.2 C Sixteen Limited

During 2023, the Group disposed of 50% of its investment in C Sixteen Limited leading to the formation of a joint venture.

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance as at 1 January	15,049,432	-
Reclassification to joint venture	-	13,299,484
Additional investment during the year	-	2,091,114
Share of results	10,031,504	(317,784)
Foreign currency translation adjustments	111,899	(23,382)
Balance as at 31 December	25,192,835	15,049,432

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Summary of statement of financial position:		
Total assets	55,505,057	63,253,355
Total liabilities	(20,273,633)	(33,154,490)
Net assets	35,231,424	30,098,865
Summary of statement of profit or loss for the year:		
Income	38,124,170	-
Expenses	(18,061,163)	(639,032)
Profit/(loss) for the year	20,063,007	(639,032)

Notes to the consolidated financial statements

16 Accounts receivable and other assets

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets:		
Trade receivables	14,678,992	14,363,503
Provision for doubtful debts	(268,273)	(281,673)
	14,410,719	14,081,830
Value Added Tax receivables	346,282	425,077
Due from related parties (note 30)	1,382,826	2,525,816
Other financial assets	2,605,752	2,293,663
	18,745,579	19,326,386
Non-financial assets:		
Advance to contractors	189,270	174,898
Deferred tax assets	361,103	105,668
Other non-financial assets	1,653,175	1,992,382
	2,203,548	2,272,948
Total accounts receivable and other assets	20,949,127	21,599,334
Less: current portion	(15,884,365)	(16,454,709)
Non-current portion (b)	5,064,762	5,144,625

- a- Trade receivables include project-related receivables amounting to KD2,752,286 (31 December 2023: KD5,007,758) which will be received as per the payment terms agreed with the respective customers.
- b- Non-current receivables include receivable from a joint venture partner. Out of the KD5,620,121 (2023: KD13,299,484) receivable from the joint venture partner, KD5,620,121 (2023: KD5,604,185) will be received at completion of the project and has been discounted to KD4,040,503 (2023: KD4,041,105) which is subject to change in the future reporting periods as a result of unwinding of the discount portion.

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

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

17 Trading properties

	31 Dec. 2024 KD	31 Dec. 2023 KD
Properties in the UAE	114,884	114,380
Properties in South Africa	5,618,420	7,767,057
	5,733,304	7,881,437

Notes to the consolidated financial statements

Management obtained independent valuations for its trading properties and determined that no impairment loss is required.

Trading properties with an aggregate carrying value of Nil (2023: KD7,767,057), located in South Africa, have been pledged as security for term loan facilities (Note 23).

18 Cash and cash equivalents

	31 Dec. 2024 KD	31 Dec. 2023 KD
Cash and bank balances	7,623,519	7,895,582
Term deposits	437,637	435,799
Cash and cash equivalents as per consolidated statement of financial position	8,061,156	8,331,381
Less: blocked deposits	(437,637)	(435,799)
Cash and cash equivalents as per consolidated statement of cash flows	7,623,519	7,895,582

19 Share capital and share premium

As of 31 December 2024, the authorized, issued and paid up share capital of the Parent Company consists of 229,280,687 shares of 100 fils each (31 December 2023: 183,424,550 shares of 100 fils each). All shares are in cash.

During the year, the Parent Company's share capital was increased by KD4,585,614 as a result of the issuance of bonus shares (note 27). The capital increase was approved by the relevant authorities and registered in the companies register on 21 May 2024.

During the year ended 31 December 2023, the Parent Company's share capital was decreased by KD45,200,965 as a result of write off of accumulated losses (note 27). The capital decrease was approved by the relevant authorities and registered in the companies register on 12 June 2023.

Share premium is not available for distribution.

20 Treasury shares

	31 Dec. 2024	31 Dec. 2023
Number of shares	124,483	99,506
Percentage of issued shares	0.05%	0.05%
Market value (KD)	230,294	79,605
Cost (KD)	246,011	246,011

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

Notes to the consolidated financial statements

21 Statutory and voluntary reserves

	Statutory reserve KD	General reserve KD	Total KD
Balances as at 1 January 2024	1,457,074	1,457,074	2,914,148
Transferred from retained earnings	1,395,550	1,395,550	2,791,100
Balances as at 31 December 2024	2,852,624	2,852,624	5,705,248

	Statutory reserve KD	General reserve KD	Total KD
Balances as at 1 January 2023	-	-	-
Transferred from retained earnings	1,457,074	1,457,074	2,914,148
Balances as at 31 December 2023	1,457,074	1,457,074	2,914,148

Statutory reserve

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

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

Voluntary reserve

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

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

Notes to the consolidated financial statements

22 Other components of equity

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Total KD
Balances as at 1 January 2024	(213,399)	(13,268,507)	(13,481,906)
Change in fair value of investments at FVTOCI	133,053	-	133,053
Arising on translation of foreign operations	-	461,241	461,241
Other comprehensive income	133,053	461,241	594,294
Balances as at 31 December 2024	(80,346)	(12,807,266)	(12,887,612)
Balances at 1 January 2023	(347,663)	(12,627,569)	(12,975,232)
Change in fair value of investments at FVTOCI	134,264	-	134,264
Arising on translation of foreign operations	-	(640,938)	(640,938)
Other comprehensive income/(loss)	134,264	(640,938)	(506,674)
Balances at 31 December 2023	(213,399)	(13,268,507)	(13,481,906)

23 Borrowings

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

	Note	31 Dec. 2024 KD	31 Dec. 2023 KD
Borrowings obtained in UAE			
- Term loans - AED	23.1	54,255,154	3,365,049
- Islamic financing facilities- AED	23.2	1,422,942	51,011,165
- Bank overdraft- AED		1,883,775	1,357,605
		57,561,871	55,733,819
Borrowings obtained in South Africa		-	562,717
		57,561,871	56,296,536
Less: amounts due within one year		(3,822,505)	(6,520,427)
Amounts due after one year		53,739,366	49,776,109

23.1) Term loans

Term loans comprise of the following facilities:

- A facility obtained from a bank in UAE, carrying a mark-up of 3 months EIBOR plus 3.5% (floor 5.25%). The loan was obtained to finance the purchase of properties and is secured by way of assigning first degree registered mortgage over the subject properties of the borrower, assignment of rental income of the subject properties of the borrower, security cheque drawn in favour of the bank amounting to AED45,000,000 (equivalent to KD3,774,708), notarized power of attorney in favour of the bank to manage the properties of the borrower and a corporate guarantee in favour of the bank.
- During the year, one of the Group's subsidiaries entered into a refinancing facility agreement of AED600 million (equivalent to KD 50.3 million) with a financial institution to settle existing Islamic financing facilities from another financial institution. The facility carries interest rate of 1.9% + EIBOR per annum is repayable over the period of 174 months and is secured against corporate guarantees of the borrower and its subsidiaries and the Parent Company along with other pertinent undertakings and guarantees as described in the facility agreement which is subject to mortgage over the property pledged over shares of the borrower along with a guarantee of the Parent Company.

Notes to the consolidated financial statements

23.2) Islamic financing facilities:

Islamic financing facilities comprise of Ijara & Murabaha aggregating AED130 million (outstanding as of 31 December 2024: AED16,963,537 equivalent to KD1,422,942) as follows:

- a) During 2019, an Islamic facility (Ijara) of AED11.5 million was obtained, repayable at fixed annual payments at the base rate over annual EIBOR, subject to minimum fixed rate, within a maximum period of 8 years from the date of disbursement. The facility is secured against corporate guarantee of the Parent Company and certain other subsidiaries of the Group, first degree mortgage over 37 units classified under trading properties with a carrying value of KD11,634,489, assignment of risk insurance policy in favour of the bank against the mortgaged properties and an undertaking from certain subsidiaries of the Group to cover any shortfall in instalments from other sources.

During 2023, an Islamic facility (Murabaha) was obtained of AED15 million, for renewal of the above mentioned Ijara, repayable at fixed annual payments at the base rate over annual EIBOR, subject to minimum fixed rate, till 30 September 2027. The facility is secured against corporate guarantee of the Parent Company and certain other subsidiaries of the Group, first degree mortgage over 17 units classified under trading properties with a carrying value of KD4,378,661, assignment of risk insurance policy in favour of the bank against the mortgaged properties and an undertaking from certain subsidiaries of the Group to cover any shortfall in instalments from other sources.

24 Redeemable preference shares

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

25 Accounts payable and other liabilities

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial liabilities:		
Trade payables	8,208,526	9,876,212
Accruals	3,884,412	3,585,531
Deferred tax	1,318,196	862,012
Dividend payable	508,818	509,163
Provisions for taxation (a)	5,326,010	4,706,377
Other payables	1,688,185	3,606,194
	20,934,147	23,145,489
Non-financial liabilities:		
Prepayments and deposits	4,979,558	1,788,687
VAT payable	135,705	48,597
	5,115,263	1,837,284
	26,049,410	24,982,773

- a- Provision for taxation includes provision for KFAS charged during the year amounting to KD131,065 (31 December 2023: KD145,707).

The Company's management believes that the legislature has not issued a law on the contribution to KFAS and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of association and article of association obligating the Parent Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

Therefore, the Group's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Group, particularly because the Ministry of Commerce and Industry had issued similar instructions which were previously reversed.

Notes to the consolidated financial statements

26 Advances received from customers

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

The movement in advances received from customers is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance at the beginning of the year	4,001,409	5,367,918
Advances received during the year	18,197	164,026
Revenue recognised during the year	(601,151)	(1,034,833)
Other movement	-	(133,785)
Foreign exchange adjustment	(65,947)	(361,917)
Balance at end of the year	3,352,508	4,001,409
Less: current portion	(646,462)	(3,308,357)
Non-current portion	2,706,046	693,052

27 General assembly of the shareholders

The board of directors of the Parent Company proposed to issue 27% bonus shares and an amount of KD45,000 as remuneration of the Parent Company's Board of Directors for the year ended 31 December 2024. This proposal is subject to the approval of the annual general assembly of shareholders.

Annual General Assembly

The Annual General Assembly of the shareholders held on 30 April 2024 approved the consolidated financial statements of the Group for the year ended 31 December 2023 and the board of directors' proposal to issue 25% bonus shares and an amount of KD45,000 as remuneration to the Board of Directors for the year ended 31 December 2023.

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

Further, the shareholders rejected the board of directors' proposal not to distribute remuneration for the board of directors. The shareholders approved by majority of attendees board of directors' remuneration of KD30,000 for the year ended 31 December 2022 which was expensed in the interim condensed consolidated statement of profit or loss for the nine months period ended 30 September 2023 under "Other operating expenses and charges".

Extra-Ordinary General Assembly

The Extra-Ordinary General Assembly of the shareholders of the Parent Company held on 30 April 2024 approved to increase the authorized, issued and paid up share capital of the Parent Company from KD18,342,455 to KD22,928,069 by issuing 25% bonus shares. The share capital increase was registered in the commercial register on 21 May 2024.

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

Notes to the consolidated financial statements

28 Segmental information

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

The following is the segments information, which conforms with the internal reporting presented to management.

	Property development KD	Hospitality KD	Investments KD	Others/ Unallocated KD	Total KD
Year ended 31 December 2024					
Revenue	9,261,869	25,787,716	1,661,762	731,832	37,443,179
Segment gross profit	1,578,526	17,296,259	1,304,978	731,832	20,911,595
Net income from ticket sale and related services	-	-	-	442,938	442,938
Share of results of associates and joint ventures	-	-	18,594,691	-	18,594,691
Change in fair value of investment properties	62,006	-	-	-	62,006
Gain on transfer of trading properties to investment properties	2,025,076	-	-	-	2,025,076
Interest income	-	-	-	680,543	680,543
Other income	-	-	-	364,200	364,200
Staff costs	(232,472)	(2,935,767)	(77,559)	(380,935)	(3,626,733)
Sales and marketing expenses	(150,881)	(1,448,736)	-	-	(1,599,617)
Other operating expenses and charges	(1,829,056)	(6,791,696)	(558,641)	(6,538)	(9,185,931)
Net impairment losses and provision charges	-	-	-	(153,739)	(153,739)
Depreciation and amortisation	(709,715)	(2,698,746)	(2,024)	(3,276)	(3,413,761)
Finance costs	(503,300)	(6,100,838)	(426,104)	(156,537)	(7,186,779)
Segment profit/(loss) for the year before taxation	240,184	(2,679,524)	18,835,341	1,518,488	17,914,489
As at 31 December 2024					
Segment assets	108,759,465	91,995,470	25,935,606	782,161	227,472,702
Segment liabilities	(60,765,664)	(58,329,887)	(38,375,702)	(319,688)	(157,790,941)
Segment Net assets	47,993,801	33,665,583	(12,440,096)	462,473	69,681,761
Other information:					
Investment in associates and joint ventures					97,192,614
Goodwill					1,180,534
Taxation					(1,166,148)

Notes to the consolidated financial statements

	Property development KD	Hospitality KD	Investments KD	Others/ Unallocated KD	Total KD
Year ended 31 December 2023					
Revenue	8,538,306	25,280,598	1,298,420	-	35,117,324
Segment gross profit	1,402,235	17,044,402	840,915	-	19,287,552
Net income from ticket sale and related services	-	-	-	267,290	267,290
Share of results of associates and joint ventures	-	-	7,301,531	-	7,301,531
Change in fair value of investment properties	-	-	41,822	-	41,822
Loss from sale of investment properties	70,567	-	-	-	70,567
Gain from sale of assets held for sale	-	-	13,539,953	-	13,539,953
Interest income	-	-	-	374,336	374,336
Other income	-	-	-	1,120,198	1,120,198
Staff costs	(182,901)	(2,789,174)	(79,740)	(304,513)	(3,356,328)
Sales and marketing expenses	(114,866)	(1,409,711)	-	-	(1,524,577)
Other operating expenses and charges	(1,300,348)	(8,510,873)	(369,261)	(1,063,759)	(11,244,241)
Net impairment losses and provision charges	-	-	-	(453,680)	(453,680)
Depreciation and amortisation	(197,143)	(2,681,261)	-	(7,927)	(2,886,331)
Finance costs	(275,655)	(4,791,421)	(420,656)	(8,871)	(5,496,603)
Segment (loss)/profit for the year before taxation	(598,111)	(3,138,038)	20,854,564	(76,926)	17,041,489
As at 31 December 2023					
Segment assets	92,549,901	88,734,902	25,375,548	217,902	206,878,253
Segment liabilities	(59,375,743)	(55,230,868)	(39,877,885)	(222,958)	(154,707,454)
Segment Net assets	33,174,158	33,504,034	(14,502,337)	(5,056)	52,170,799
Other information:					
Investment in associates and joint ventures					78,617,826
Goodwill					1,177,107
Taxation					(900,564)

Notes to the consolidated financial statements

Geographical segments:

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2024 KD	31 Dec. 2023 KD	31 Dec. 2024 KD	31 Dec. 2023 KD
Kuwait	1,866,466	2,951,379	-	-
UAE and Asia	206,117,358	186,315,500	34,268,309	32,436,384
Africa	16,663,274	14,901,063	3,174,870	2,680,940
Others	2,825,604	2,710,311	-	-
	227,472,702	206,878,253	37,443,179	35,117,324

29 Commitments and contingencies

Capital expenditure commitments

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Estimated and contracted capital expenditure for construction of properties under development and trading properties	-	3,916
Finance guarantees	6,291	6,264
	6,291	10,180

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

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

30 Related party transactions and balances

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

Notes to the consolidated financial statements

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balances included in the consolidated statement of financial position:		
Amounts due from related parties included in accounts receivable and other assets (note 16)		
- Due from other related parties	795,619	1,941,183
- Due from joint ventures	587,207	584,633
	1,382,826	2,525,816
Redeemable preference shares	3,240,674	3,050,024
Amounts due to related parties:		
- Due to major shareholder	17,335,364	16,854,376
- Due to others	45,633,867	45,815,024
	62,969,231	62,669,400
Shareholders loan given to an associate – net (included within investment in associate Note 15.1.1)	3,973,778	4,404,970
	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Transactions included in the consolidated statement of profit or loss		
Finance costs	426,104	420,330
Transactions included in the consolidated statement of changes in equity		
Net loss from partial disposal/acquisition of subsidiaries accounted for directly in retained earnings	-	(726,375)
Compensation of key management personnel of the Group		
Long and short-term employee benefits	384,899	902,271
Board of directors' remuneration	45,000	45,000

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

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

Due to other related parties represent the following:

- KD4,538,877 payable on 30 June 2028 carrying fixed interest payable at maturity.
- KD1,386,741 carrying fixed interest with no specific repayment terms.
- KD2,358,941 after being discounted. The current portion amounts to KD1,336,038 and the non-current portion amounts to KD976,132
- KD9,958,499 carrying interest above the Central Bank of Kuwait discount rate per annum with no specific repayment dates.
- KD16,762,714 non-interest bearing with no specific repayment terms.

Notes to the consolidated financial statements

31.1 Categories of financial assets and liabilities

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets:		
<i>At amortised cost:</i>		
- Accounts receivable and other assets (Note 16)	18,745,579	19,326,386
- Shareholders' loan given to an associate (Note 15.1.1)	3,973,778	4,404,970
- Cash and cash equivalents	8,061,156	8,331,381
	30,780,513	32,062,737
<i>At fair value:</i>		
Investments at FVTOCI	1,076,425	946,372
Total financial assets	31,856,938	33,009,109
Financial liabilities:		
<i>At amortised cost:</i>		
Borrowings	57,561,871	56,296,536
Lease liabilities	2,941,792	2,071,078
Redeemable preference shares	3,240,674	3,050,024
Due to related parties	62,969,231	62,669,400
Accounts payable and other liabilities (Note 25)	20,934,147	23,145,489
Total financial liabilities	147,647,715	147,232,527

31.2 Fair value measurement

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

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (refer 31.4).

31.3 Fair value hierarchy for financial instruments measured at fair value

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

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

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

Notes to the consolidated financial statements

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

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total Balance KD
31 December 2024					
Financial assets:					
Investment at FVTOCI:					
- Local unquoted securities	a	-	-	97,055	97,055
- Foreign unquoted securities	a	-	-	982,370	982,370
Total assets		-	-	1,079,425	1,079,425
31 December 2023:					
Financial assets:					
Investment at FVTOCI:					
- Local unquoted securities	a	-	-	72,255	72,255
- Foreign unquoted securities	a	-	-	874,117	874,117
Total assets		-	-	946,372	946,372

Measurement at fair value

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

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

a) Unquoted shares (level 3)

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

Level 3 Fair value measurements

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

	31 Dec. 2024 KD	31 Dec.2023 KD
As at 1 January	946,372	812,108
Change in fair value	133,053	134,264
As of 31December	1,079,425	946,372

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

Notes to the consolidated financial statements

31.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2024 and 31 December 2023:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2024				
Investment properties				
- Property and land - South Africa	-	-	4,262,204	4,262,204
- Commercial and retail real estate properties – UAE	-	-	2,525,699	2,525,699
	-	-	6,787,903	6,787,903
31 December 2023				
Investment properties				
- Property and land - South Africa	-	-	131,786	131,786
- Commercial and retail real estate properties – UAE	-	-	2,449,489	2,449,489
	-	-	2,581,275	2,581,275

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

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (2024)	Range of unobservable inputs (2023)
Residential Spaces	Market Comparable/ Income approach/ Residual value	- Price per Sq ft - Rental Growth p.a - Discount rate	KD12 – 341 3% 3.1%-9.5%	KD125-146 N/A N/A
Parking Spaces	Market Comparable	- Price per unit	KD7,969	KD6,681 – 16,703

31 Risk management objectives and policies

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

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

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

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

Notes to the consolidated financial statements

32.1 Market risk

a) Foreign currency risk

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

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

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

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

	31 Dec. 2024 Equivalent KD	31 Dec. 2023 Equivalent KD
US Dollars	60,052	107,024
Euro	738,593	833,767

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

b) Interest rate risk

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

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

The following table illustrates the sensitivity of the loss for the year to a possible change in interest rates of + 1% and – 1% (2023: + 1% and –1%) with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2024 1% KD	31 Dec. 2023 1% KD	31 Dec. 2024 1% KD	31 Dec. 2023 1% KD
Profit for the year	(575,619)	(549,389)	575,619	549,389

Notes to the consolidated financial statements

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is not exposed to any significant price risks as of 31 December 2024 as Group's investments are unquoted.

32.2 Credit risk

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

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Investments at fair value through other comprehensive income	1,079,425	946,372
Shareholders' loan to an associate (Note 15.1.1)	3,973,778	4,404,970
Accounts receivable and other assets (Note 16)	18,745,579	19,326,386
Cash and cash equivalents	8,061,156	8,331,381
	31,859,938	33,009,109

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

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

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

Notes to the consolidated financial statements

32.3 Concentration of assets

The distribution of financial assets by geographic region for 2024 and 2023 are as follows:

	Kuwait KD	Asia & Middle East KD	Africa KD	Europe KD	Total KD
At 31 December 2024					
Investments at fair value through other comprehensive income	97,055	-	-	982,370	1,079,425
Shareholders' loan to an associate	-	-	3,973,778	-	3,973,778
Accounts receivable and other assets	1,179,034	15,629,860	832,045	1,104,640	18,745,579
Cash and cash equivalents	180,558	6,092,349	1,049,656	738,593	8,061,156
	1,456,647	21,722,209	5,855,479	2,825,603	31,859,938
At 31 December 2023					
Investments at fair value through other comprehensive income	72,255	-	-	874,117	946,372
Shareholders' loan to an associate	-	-	4,404,970	-	4,404,970
Accounts receivable and other assets	2,170,604	15,085,971	1,067,383	1,002,428	19,326,386
Cash and cash equivalents	185,183	6,635,630	676,801	833,767	8,331,381
	2,428,042	21,721,601	6,149,154	2,710,312	33,009,109

32.4 Liquidity risk

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

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

	On demand KD	1-3 months KD	3-12 months KD	1-5 years KD	More than 5 years KD	Total KD
At 31 December 2024						
Financial liabilities						
Borrowings	-	3,095,698	4,311,484	23,063,972	59,861,648	90,332,802
Redeemable preference shares	-	-	-	3,240,674	-	3,240,674
Lease liabilities	-	-	1,009,766	2,332,026	-	3,341,792
Due to related parties	-	55,433,775	-	7,535,456	-	62,969,231
Accounts payable and other liabilities	-	20,934,146	-	-	-	20,934,146
	-	79,463,619	5,321,250	36,172,128	59,861,648	180,818,645

Notes to the consolidated financial statements

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

32 Capital management objectives

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

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

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Profit attributable to the owners of the Parent Company	13,335,871	13,914,688
Equity attributable to the owners of the Parent Company	31,979,027	18,048,862
Return on equity attributable to the owners of the Parent Company	41.70%	77.09%


33 Comparative information

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

34 Events after the reporting date

Subsequent to the reporting date, on 13 January 2025, the Board of Directors of the Parent Company approved the sale of one of the Group's subsidiaries, IFA Hotels and Resorts 1 (Cayman Islands), which owns Fairmont the Palm Hotel, to an investment fund managed by Arzan Investment Management – United Kingdom (a subsidiary of a related party) for a total sale consideration of KD100 million.

Following the completion of the sale procedures during 2025, the Group is expected to recognise an estimated profit of KD8.5 million.



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