



**Commercial Real Estate Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)
And the review report for the three months ended 31 March 2021**



Commercial Real Estate Company K.P.S.C.
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
And the review report for the three months ended 31 March 2021

Contents	Page
Review Report	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of income (unaudited)	3
Interim condensed consolidated statement of comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim condensed consolidated financial information (unaudited)	7 - 16

Commercial Real Estate Company K.S.C.P
State of Kuwait

Auditor's report on review of interim condensed consolidated financial information to the board of directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

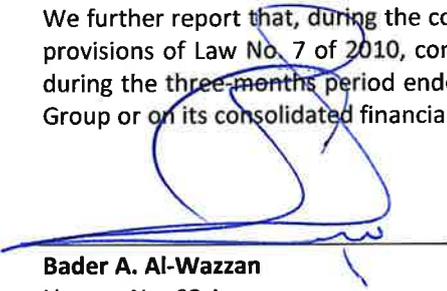
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, the executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the three months period ended 31 March 2021, that might have had a material effect on the business of the Group or on its consolidated financial position.



Bader A. Al-Wazzan
Licence No. 62 A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 10 May 2021

**Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2021	31 December 2020 (audited)	31 March 2020
Assets				
Non-current assets				
Property, plant and equipment		22,968,326	23,051,858	24,033,593
Investment property	5	377,717,552	377,533,432	377,216,749
Investments in associates	6	43,805,271	44,180,790	46,001,012
Investment at FVOCI		40,849,559	36,977,195	35,328,049
		<u>485,340,708</u>	<u>481,743,275</u>	<u>482,579,403</u>
Current assets				
Land and properties held for trading		13,631,154	13,544,514	13,781,986
Investments at fair value through profit or loss		20,480,907	20,469,828	23,025,454
Receivables and other debit balances	7	15,243,116	16,247,336	12,753,342
Cash and cash equivalents	8	3,364,097	4,673,975	7,765,053
		<u>52,719,274</u>	<u>54,935,653</u>	<u>57,325,835</u>
Total assets		<u>538,059,982</u>	<u>536,678,928</u>	<u>539,905,238</u>
Equity and liabilities				
Equity attributable to the shareholders of the Parent Company				
Share capital		184,069,975	184,069,975	178,708,714
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	9	(8,410,508)	(7,953,856)	(4,262,453)
Statutory reserve		38,548,936	38,548,936	38,443,068
Voluntary reserve		28,633,060	28,633,060	28,580,127
Other reserve	10	6,093,778	5,352,836	5,281,369
Retained earnings		34,911,383	32,780,423	47,945,582
Total equity attributable to the shareholders of the Parent Company		<u>285,155,008</u>	<u>282,739,758</u>	<u>296,004,791</u>
Non-controlling interests		23,321,275	23,437,954	23,054,972
Total equity		<u>308,476,283</u>	<u>306,177,712</u>	<u>319,059,763</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		885,491	1,009,453	1,019,777
Lease liabilities	5	2,522,143	2,543,501	2,615,571
Financing from third party	11	187,190,998	192,896,791	183,298,884
		<u>190,598,632</u>	<u>196,449,745</u>	<u>186,934,232</u>
Current liabilities				
Payables and other credit balances	12	16,553,478	15,373,452	16,335,854
Financing from third party	11	22,431,589	18,678,019	17,575,389
		<u>38,985,067</u>	<u>34,051,471</u>	<u>33,911,243</u>
Total liabilities		<u>229,583,699</u>	<u>230,501,216</u>	<u>220,845,475</u>
Total equity and liabilities		<u>538,059,982</u>	<u>536,678,928</u>	<u>539,905,238</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.



Abdul Fatah M.R. Marafie
Chairman



Adwan M. Al-Adwani
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2021	2020
Revenue			
Rental income from investment properties and hotel's revenue		5,971,399	6,720,653
Operating expenses		(1,448,325)	(2,281,995)
Net income from operating activities	13	4,523,074	4,438,658
Share of (loss)/ profit from investment in associate companies	6	(478,817)	115,465
Net gain on investments	14	514,756	619,818
Other income		55,156	100,585
Total income		4,614,169	5,274,526
Expenses and other charges			
Administrative expenses and other charges		630,882	717,963
Provision for expected credit losses		52,176	58,431
Finance charges		1,372,588	2,002,816
Total expenses		2,055,646	2,779,210
Net profit for the period before deductions		2,558,523	2,495,316
Kuwait Foundation for the Advancement of Sciences (KFAS)		(15,961)	(15,223)
National Labour Support Tax (NLST)		(53,058)	(68,123)
Zakat Expense		(16,513)	(20,236)
Net profit for the period		2,472,991	2,391,734
Distributed as follows:			
Shareholders of the Parent Company		2,130,741	2,050,893
Non-controlling interests		342,250	340,841
		2,472,991	2,391,734
Basic earnings per share for Parent Company's shareholders (fils)	15	1.21	1.14

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Comprehensive Income for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	For the three months period ended 31 March	
	2021	2020
Net profit for the period	2,472,991	2,391,734
Other comprehensive income items:		
<i>Items that will not be reclassified subsequently to the consolidated statement of income:</i>		
Group's share in associates' reserves	661,276	189,999
Change in fair value reserve	160,205	27,032
	<u>821,481</u>	<u>217,031</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>		
Foreign currency translation reserve	(84,157)	(11,556)
Total other comprehensive income items	<u>(84,157)</u>	<u>(11,556)</u>
Total comprehensive income for the period	<u>3,210,315</u>	<u>2,597,209</u>
Distributed as follows:		
Shareholders of the Parent Company	2,871,683	2,256,368
Non-controlling interests	338,632	340,841
Total comprehensive income for the period	<u>3,210,315</u>	<u>2,597,209</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the three months period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Equity attributable to the shareholders of the Parent Company										Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 10)	Retained earnings	Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity			
Balance as at 1 January 2020	178,708,714	1,308,384	(3,196,562)	38,443,068	28,580,127	5,200,726	45,449,385	294,493,842	22,714,131	317,207,973			
Net profit for the period	-	-	-	-	-	-	2,050,893	2,050,893	340,841	2,391,734			
Total comprehensive income for the period	-	-	-	-	-	205,475	-	205,475	-	205,475			
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	90,117	90,117	-	90,117			
Sale of investment at FVTOCI	-	-	-	-	-	(124,832)	355,187	230,355	-	230,355			
Purchase of treasury shares	-	-	(1,065,891)	-	-	-	-	(1,065,891)	-	(1,065,891)			
Balance as at 31 March 2020	178,708,714	1,308,384	(4,262,453)	38,443,068	28,580,127	5,281,369	47,945,582	296,004,791	23,054,972	319,059,763			
Balance as at 1 January 2021	184,069,975	1,308,384	(7,953,856)	38,548,936	28,633,060	5,352,836	32,780,423	282,739,758	23,437,954	306,177,712			
Net profit for the period	-	-	-	-	-	-	2,130,741	2,130,741	342,250	2,472,991			
Total comprehensive income for the period	-	-	-	-	-	740,942	-	740,942	(3,618)	737,324			
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	219	219	-	219			
Cash dividends in a subsidiary	-	-	-	-	-	-	-	-	(455,311)	(455,311)			
Purchase of treasury shares	-	-	(456,652)	-	-	-	-	(456,652)	-	(456,652)			
Balance as at 31 March 2021	184,069,975	1,308,384	(8,410,508)	38,548,936	28,633,060	6,093,778	34,911,383	285,155,008	23,321,275	308,476,283			

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2021	2020
Operating activities:			
Net profit for the period		2,472,991	2,391,734
Adjustments for:			
Depreciation of property, plant and equipment		258,096	492,174
Provision of credit losses		52,176	58,431
Share of profit from investments in associates		478,817	(115,465)
Net gain on investments	14	(514,756)	(619,818)
Finance cost		1,372,588	2,002,816
Employees' end of service indemnity provided during the period		45,291	75,782
<i>Operating cash flow before changes in the working capital</i>		<u>4,165,203</u>	<u>4,285,654</u>
Payment for purchase of land and properties held for trading		(86,640)	(96,379)
Payment for purchase of investment property		(184,120)	(193,523)
Receivables and other debit balances		(2,711,682)	(112,967)
Payables and other credit balances		592,095	(486,248)
Employees' end of service indemnity paid during the period		(169,253)	(9,151)
Net cash generated from operating activities		<u>1,605,603</u>	<u>3,387,386</u>
Investing activities:			
Payment for purchase of property, plant and equipment		(174,564)	(317,012)
Payment to a acquire investment at FVTOCI		-	(1,004,868)
Proceeds on sale of Investment at FVTOCI		13,179	4,612,405
Dividend received from associates	6	474,040	-
Dividend received on investments		442,065	512,144
Time deposit		(300,000)	200,000
Net cash generated from investing activities		<u>454,720</u>	<u>4,002,669</u>
FINANCING ACTIVITIES:			
Net financing from third party		(1,952,223)	(1,365,781)
Finance charges paid		(1,215,189)	(974,857)
Dividend paid		(46,137)	(43,241)
Payment for buy-back of treasury shares		(456,652)	(1,065,891)
Net cash used in financing activities		<u>(3,670,201)</u>	<u>(3,449,770)</u>
Net (decrease)/ increase in cash and cash equivalents		(1,609,878)	3,940,285
Cash and cash equivalents at the beginning of the period		4,673,975	3,824,768
Cash and cash equivalents at the end of the period	8	<u>3,064,097</u>	<u>7,765,053</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Overview of the Group

The Commercial Real Estate Company (K.P.S.C) ("the Parent Company") was incorporated as a Kuwaiti Shareholding Closed Company under Articles of Association No. 104/ M/ Vol.1 on 4 February 1968 under Commercial register No. 11329 and re-enrolled on 21 December 1981 under No. 239 in accordance with provision of the Commercial Companies Law. The main objectives of the Company are performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building constructions including sale, purchase and lease of land and real estate properties and construction of buildings, utilize the company's surpluses through investment portfolios managed by specialized companies and financial institutions. The Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The Company may also purchase such entities or affiliate them, or as stated in Company's Articles of Association, article No. 5 and Memorandum of Association, article No. 4. The Company's management shall carry out all its objectives for which it has been established in accordance with the Noble Islamic Sharia principles.

The head office of the Company is located at Jaber Al-Mubarak Street, Commercial Real Estate Company's Building, Sharq, P.O. Box. 4119 Safat, 13042 Kuwait.

The Company has been registered in the Kuwait Stock Exchange on 21 December 2004.

The consolidated interim financial information includes the interim financial information of the Parent Company, its subsidiaries and branches (together referred to as "the Group").

Name of subsidiaries	Activity	Country of incorporation	Shareholding percent		
			31 March 2021	31 December 2020 (audited)	31 March 2020
Al Mutajara Real Estate Company K.S.C.C.	Real estate	Kuwait	77.57%	77.57%	77.57%
Commercial Real Estate Development Company	Real estate	Bahrain	100%	100%	100%
Commercial Real Estate Development Company	Real estate	Morocco	100%	100%	100%
Al-Salmiya Group K.S.C. (Closed)	Real estate	Kuwait	81.90%	81.90%	81.90%

During the period, the general assembly meeting of the Parent Company shareholders was held on 11 April 2021 to approve the consolidated financial statements for the year ended 31 December 2020.

This interim condensed consolidated financial information was authorized for issue by Parent Company's board of director's on 10 May 2021.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. The interim condensed consolidated financial information does not contain all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards and should be read in conjunction with the annual financial statements for the year ended 31 December 2020. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

2.1 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information are similar to those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.1.1 Application of new and revised International Financial Reporting Standards (IFRS)

Interest Rate Benchmark Reform “phase two” amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform.

- The amendments apply to all entities and are not optional.
- The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.

IFRSs issued but not yet mandatorily effective

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

IFRS 17 Insurance Contracts The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3
Reference to the Conceptual Framework

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same or earlier.

Amendments to IAS 16
Property, Plant and Equipment—Proceeds before Intended Use

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.

Amendments to IAS 37
Onerous Contracts – Cost of Fulfilling a Contract

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020 Cycle

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IFRS 4

Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023

Amendments to IAS 1 and IFRS Practice Statement 2

Disclosure of accounting policies the amendment is effective for annual periods beginning on or after 1 January 2023

Amendments to IAS 8

Definition of accounting estimates

The amendment is effective for annual periods beginning on or after 1 January 2023

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

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

	Fair value as at			Fair value hierarchy	Valuation methods and key inputs	Significant unobservable inputs	Relation of unobservable inputs to fair value
	31 March 2021	31 December 2020 (audited)	31 March 2020				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	380,837	220,631	121,248	Level 1	Last bid price	N/A	N/A
Private equity	40,042,545	36,330,386	34,780,906	Level 3	Income approach/market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investment funds	426,178	426,178	425,895	Level 3	Income approach/market multiple model	Adjusted NAV	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at fair value – statement of income:							
Quoted shares	743,917	732,838	696,433	Level 1	Last bid price	N/A	N/A
Private equity	19,736,990	19,736,990	22,329,021	Level 3	Income approach/market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value

The fair value of financial assets and financial liabilities in level 3 have been determined using the common valuation techniques such as a discount cash flow, growth rate and adjusted fair value.

4. Estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended, except the following:

Fair value measurements and valuation techniques

To determine the fair value of unquoted investments and private equity, the management is required to perform estimates regarding to cash flow projections, growth rate, discount rate, etc. as disclosed in note 3.

Fair value of non-financial assets

To determine the fair value of non-financial assets, the management is required to perform internal studies in order to determine the fair valuation by using the estimation of capitalization rate method.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investment properties

	31 March 2021	31 December 2020 (audited)	31 March 2020
Balance at beginning of the period/ year	377,533,432	377,023,226	377,023,226
Additions	184,120	1,147,773	193,523
Change in fair value	-	(637,567)	-
Balance at end of the period/year	<u>377,717,552</u>	<u>377,533,432</u>	<u>377,216,749</u>

Investments properties include the fair value of right of use Boulevard project that expires in year 2036. The balance of lease liabilities distributed as follows:

	31 March 2021	31 December 2020 (audited)	31 March 2020
<u>Lease liabilities (non-current)</u>			
Amounts due after 12 months	2,522,143	2,543,501	2,615,571
<u>Lease liabilities (current)</u>			
Amounts due within 12 months	94,440	96,637	93,463
	<u>2,616,583</u>	<u>2,640,138</u>	<u>2,709,034</u>

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between one to five years. All operating lease contracts contain extension options for the lessees' event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

6. Investments in associates

	31 March 2021	31 December 2020 (audited)	31 March 2020
Balance as at the beginning of the period/year	44,180,790	47,039,108	47,039,108
Additions during the period/ year	-	137,530	-
Group's share in a associates results	(478,817)	(1,021,476)	115,465
Group's share in a associates reserves	661,276	694,940	189,999
Gains/ (losses) of investments at FVTOCI	219	86,812	90,117
Translation of foreign currencies	(84,157)	41,597	(11,556)
Cash dividends	(474,040)	(2,797,721)	(1,422,121)
	<u>43,805,271</u>	<u>44,180,790</u>	<u>46,001,012</u>

7. Receivables and other debit balances

	31 March 2021	31 December 2020 (audited)	31 March 2020
Trade receivables	8,507,101	7,814,964	7,636,679
Due from related parties (Note 16)	200,981	191,981	190,723
Provision for impairment	(5,211,001)	(5,181,225)	(4,536,001)
	<u>3,497,081</u>	<u>2,825,720</u>	<u>3,291,401</u>
Prepaid expenses	242,380	192,963	245,505
Advance payments for acquisition of investments	2,015,557	3,725,338	83,149
Advance payment for purchase of land	5,015,430	4,962,370	4,873,614
Refundable deposits	344,621	344,246	344,246
Advances to contractors and suppliers	521,286	490,603	484,769
Other debit balances	3,606,761	3,706,096	3,430,658
	<u>15,243,116</u>	<u>16,247,336</u>	<u>12,753,342</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses is as follows:

	31 March 2021	31 December 2020 (audited)	31 March 2020
Balance at beginning of the period/year	5,181,225	4,477,570	4,477,570
Provision created during the period/year	66,042	889,115	58,431
Reversal of provision for doubtful debts	(13,866)	(89,352)	-
Bad debts	(22,400)	(96,108)	-
Balance at end of the period/year	<u>5,211,001</u>	<u>5,181,225</u>	<u>4,536,001</u>

8. Cash and cash equivalents

	31 March 2021	31 December 2020 (audited)	31 March 2020
Cash in hand	6,271	5,127	5,220
Cash at banks and financial institutions	2,557,826	2,668,848	3,059,833
Deposits with financial institution	800,000	2,000,000	4,700,000
	<u>3,364,097</u>	<u>4,673,975</u>	<u>7,765,053</u>
Less: deposits with financial institution more than 3 months	(300,000)	-	-
Cash and cash equivalent for cash flow	<u>3,064,097</u>	<u>4,673,975</u>	<u>7,765,053</u>

9. Treasury shares

	31 March 2021	31 December 2020 (audited)	31 March 2020
Number of shares (No's)	86,765,411	82,427,994	46,295,066
Percentage of issued shares (%)	4.72	4.48	2.58
Market value	8,129,919	9,396,791	4,073,966
Cost	8,410,508	7,953,856	4,262,453

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Company, pursuant to the relevant instructions of the regulatory authorities.

10. Other reserves

	Change of fair value reserve	Group's share in associates' reserves	Translation of foreign currencies	Property, plant and equipment revaluation surplus	Treasury shares reserve	Total
As at 1 January 2020	(1,257,332)	302,118	325,578	5,547,886	282,476	5,200,726
Sale of investment at FVTOCI	(124,832)	-	-	-	-	(124,832)
Total comprehensive income for the period	27,032	189,999	(11,556)	-	-	205,475
As at 31 March 2020	<u>(1,355,132)</u>	<u>492,117</u>	<u>314,022</u>	<u>5,547,886</u>	<u>282,476</u>	<u>5,281,369</u>
As at 1 January 2021	(1,837,668)	992,967	367,175	5,547,886	282,476	5,352,836
Total comprehensive income for the period	160,205	664,894	(84,157)	-	-	740,942
As at 31 March 2021	<u>(1,677,463)</u>	<u>1,657,861</u>	<u>283,018</u>	<u>5,547,886</u>	<u>282,476</u>	<u>6,093,778</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Financing from third party

	31 March 2021	31 December 2020 (audited)	31 March 2020
Finance from third party – current portion	22,431,589	18,678,019	17,575,389
Finance from third party – non current portion	187,190,998	192,896,791	183,298,884
	<u>209,622,587</u>	<u>211,574,810</u>	<u>200,874,273</u>
Cost rate (%)	2.07-3.0	2.09-3.0	2.75 - 4.5

Finance granted by third party is secured against mortgage of the following assets:

	31 March 2021	31 December 2020 (audited)	31 March 2020
Property, plant and equipment	21,358,459	21,471,165	22,515,957
Investment property	260,153,560	260,153,560	283,576,632

12. Payables and other credit balances

	31 March 2021	31 December 2020 (audited)	31 March 2020
Trade payables	825,283	878,692	1,074,568
Due to related parties (Note 16)	37,463	26,393	51,024
Retentions	1,055,959	1,050,096	1,047,648
Accrued expense	2,368,473	2,638,184	4,254,526
Revenues received in advance	536,785	620,918	405,446
Deposits from others	3,654,831	3,566,431	3,762,858
Kuwait Foundation for the Advancement of Science (KFAS)	110,277	94,316	109,539
National Labour Support Tax (NLST)	106,359	53,301	343,072
Zakat payable	16,513	-	81,346
Dividends payable to shareholders	429,084	475,221	217,576
Other credit balances*	7,412,451	5,969,900	4,988,251
	<u>16,553,478</u>	<u>15,373,452</u>	<u>16,335,854</u>

* Other credit balances include lease liabilities of KD 94,440 due within 12 months.

13. Net income from operating activities

	For the three months period ended 31 March	
	2021	2020
Real estate rental income	5,725,283	5,790,146
Hotel's and hospitality revenues	246,116	930,507
Total revenues	<u>5,971,399</u>	<u>6,720,653</u>
Operating expenses	(996,745)	(1,195,890)
Hotel and hospitality expenses	(451,580)	(1,086,105)
	<u>4,523,074</u>	<u>4,438,658</u>

Hotel and hospitality expenses include an amount of KD 192,621 (KD 437,408 - 2020) which represents the current period depreciation of the hotel building and related equipment.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

14. Net gain on investments

	For the three months period ended 31 March	
	2021	2020
Investment at FVOCI		
Cash dividends	503,291	491,006
	<u>503,291</u>	<u>491,006</u>
Investments at fair value through profit or loss		
Change in fair value	11,079	118,710
Cash dividends	386	10,102
	<u>11,465</u>	<u>128,812</u>
	<u>514,756</u>	<u>619,818</u>

15. Basic earnings per share for the Parent Company's shareholders

Basic earnings per share is computed by dividing the net profit attributable to the Parent Company's shareholders for the period by the weighted average number of outstanding ordinary shares less weighted average number of outstanding treasury shares during the period as follows:

	Three months ended 31 March	
	2021	2020
Net profit for the period (KD)	2,130,741	2,050,893
Weighted average number of outstanding shares (share)	1,755,639,554	1,796,889,280
Basic EPS (fils)	<u>1.21</u>	<u>1.14</u>

16. Related parties transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, and associates in which the company has representatives in their board. The transactions with related parties are subject to approval of the shareholders at the general assembly. Significant related party transactions and balances resulting therefrom were as follows:

Transaction	Three months ended 31 March		
	2021	2020	2020
Key management benefits	156,457	167,833	
Operating Revenue	5,223	5,264	
Operating expenses and other charges	83,033	115,705	
Property, plant and equipment	91,146	41,371	
Advanced for acquisition of investments	2,015,557	-	
	31 March 2021	31 December 2020	31 March 2020
		(audited)	

Balances			
Receivables and other debit balances	200,981	191,981	190,723
Payables and other credit balances	37,463	26,393	51,024
Balances due to key management	184,957	621,630	621,335

Balances due from / to related parties are interest free and due upon request. All transactions with related parties are subject to approval by the shareholders' general assembly.

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

17. Capital commitments and contingent liabilities	31 March 2021	31 December 2020 (audited)	31 March 2020
Capital commitments			
Uncalled capital – investments	7,204,930	271,445	450,664
Contract for projects and investment properties under development	2,038,425	2,200,339	3,122,389
	<u>9,243,355</u>	<u>2,471,784</u>	<u>3,573,053</u>
Contingent liabilities			
Letters of guarantee	<u>3,759,988</u>	<u>3,459,988</u>	<u>3,459,088</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

18. Segment information

The Group is organized into two major business segments; real estate and investment. Both segments results are reported to senior executive management. Further, Group's operating results, assets and liabilities are reported according to geographical areas in which it operates. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of interim condensed consolidated financial statements. Business segment analysis is in line with internal reports submitted to management is as follows:

Segment distribution:

	For the three months period ended 31 March 2021			For the three months period ended 31 March 2020				
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	5,725,283	246,116	35,939	6,007,338	5,790,146	930,507	735,283	7,455,936
Direct cost	(1,217,944)	(451,580)	(46,267)	(1,715,791)	(1,481,965)	(1,086,105)	(47,916)	(2,615,986)
Gross profit	4,507,339	(205,464)	(10,328)	4,291,547	4,308,181	(155,598)	687,367	4,839,950
Unallocated costs				(1,818,556)				(2,448,216)
Net profit for the period				2,472,991				2,391,734

Geographic distribution:

A- Assets and liabilities

	Assets			Liabilities		
	31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 December 2020	31 March 2020
State of Kuwait	429,952,283	430,800,344	437,093,880	224,876,901	225,613,475	190,706,573
Gulf countries	58,513,325	56,876,300	59,582,769	4,706,798	4,887,741	30,138,902
Other	49,594,374	49,002,284	43,228,589	-	-	-
	538,059,982	536,678,928	539,905,238	229,583,699	230,501,216	220,845,475

B- Statement of income

	For the three months period ended 31 March 2021			For the three months period ended 31 March 2020				
	State of Kuwait	Gulf countries	Other	Total	State of Kuwait	Gulf countries	Other	Total
Total income	3,985,977	112,754	515,438	4,614,169	4,687,696	96,410	490,420	5,274,526
Total expenses	(2,023,612)	(117,566)	-	(2,141,178)	(2,604,070)	(278,722)	-	(2,882,792)
Net profit	1,962,365	(4,812)	515,438	2,472,991	2,083,626	(182,312)	490,420	2,391,734

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. Dividends

On 11 April 2021 the annual general assembly meeting was held and approved distribution of cash dividends to the shareholders on record as of the due date at 3% after deduction of treasury shares, and distribution of bonus share (from treasury share) of 2% (2 treasury shares per 100 shares) for the year ended 31 December 2020 (cash dividends 5% per share and 3% bonus share from paid up capital – 3 shares per 100 share - 31 December 2019).

20. Impact of COVID-19

The Coronavirus (Covid-19) pandemic continues to spread rapidly across several global geographic regions, causing major disruptions to business and economic activities and resulting in fundamental uncertainties regarding the global economic environment. Financial and monetary authorities around the world have taken intensive measures that have been allocated to alleviate the dire consequences of this pandemic.

Other effects

The Group has considered the potential impact of fluctuations in current economic conditions when determining the amount recorded for the Group's financial and non-financial assets. These reported amounts represent management's best assessments based on observable information. Nevertheless, the markets remain volatile and the carrying value of the assets is still sensitive to fluctuations in the market. The vulnerability of this uncertain economic environment to a large extent is still a matter of estimation accordingly, the Group will continue to reassess its position and related influence on a regular basis.