



**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 2022**



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

Interim Condensed Consolidated Financial Information (Unaudited)  
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**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 2022, 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.

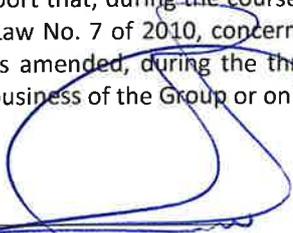
*Conclusion*

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 2022 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 executive regulations and related instructions, as amended, during the three-months period ended 31 March 2022, 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, 15 May 2022

**Interim Condensed Consolidated Statement of Financial Position as at 31 March 2022  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2022 (unaudited)	31 December 2021 (audited)	31 March 2021 (unaudited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		22,597,309	22,857,758	22,968,326
Investment property	5	374,011,754	373,878,195	377,717,552
Investments in associates	6	40,231,477	40,968,845	43,805,271
Investment at FVOCI		38,484,995	34,656,140	40,849,559
		<u>475,325,535</u>	<u>472,360,938</u>	<u>485,340,708</u>
<b>Current assets</b>				
Land and properties held for trading		13,425,403	13,350,610	13,631,154
Investments at fair value through profit or loss		23,580,491	23,333,386	20,480,907
Receivables and other debit balances	7	23,714,129	18,915,708	15,243,116
Cash and cash equivalents	8	5,460,121	9,324,434	3,364,097
		<u>66,180,144</u>	<u>64,924,138</u>	<u>52,719,274</u>
<b>Total assets</b>		<u>541,505,679</u>	<u>537,285,076</u>	<u>538,059,982</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to the shareholders of the Parent Company</b>				
Share capital		184,069,975	184,069,975	184,069,975
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	9	(7,767,416)	(6,796,105)	(8,410,508)
Statutory reserve		39,876,386	39,876,386	38,548,936
Voluntary reserve		29,296,785	29,296,785	28,633,060
Other reserve	10	6,829,998	6,618,827	6,093,778
Retained earnings		38,933,721	35,333,955	34,911,383
<b>Total equity attributable to the shareholders of the Parent Company</b>		<u>292,547,833</u>	<u>289,708,207</u>	<u>285,155,008</u>
Non-controlling interests		23,603,378	23,197,194	23,321,275
<b>Total equity</b>		<u>316,151,211</u>	<u>312,905,401</u>	<u>308,476,283</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,000,682	953,212	885,491
Lease liabilities	5	2,418,389	2,443,452	2,522,143
Financing from third party	11	190,723,150	189,710,320	187,190,998
		<u>194,142,221</u>	<u>193,106,984</u>	<u>190,598,632</u>
<b>Current liabilities</b>				
Payables and other credit balances	12	16,707,409	16,773,074	16,553,478
Financing from third party	11	14,504,838	14,499,617	22,431,589
		<u>31,212,247</u>	<u>31,272,691</u>	<u>38,985,067</u>
<b>Total liabilities</b>		<u>225,354,468</u>	<u>224,379,675</u>	<u>229,583,699</u>
<b>Total equity and liabilities</b>		<u>541,505,679</u>	<u>537,285,076</u>	<u>538,059,982</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 2022  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2022	2021
<b>Revenue</b>			
Rental income from investment properties and hotel's revenue		7,094,845	5,971,399
Operating expenses		(1,582,586)	(1,448,325)
Net income from operating activities	13	5,512,259	4,523,074
Share of loss from investment in associate companies	6	(32,425)	(478,817)
Net gain on investments	14	517,142	514,756
Other income		22,286	55,156
<b>Total income</b>		<b>6,019,262</b>	<b>4,614,169</b>
<b>Expenses and other charges</b>			
Administrative expenses and other charges		752,405	630,882
Provision for expected credit losses		-	52,176
Finance cost		1,251,401	1,372,588
<b>Total expenses</b>		<b>2,003,806</b>	<b>2,055,646</b>
<b>Net profit for the period before deductions</b>		<b>4,015,456</b>	<b>2,558,523</b>
Kuwait Foundation for the Advancement of Sciences (KFAS)		(26,650)	(15,961)
National Labour Support Tax (NLST)		(95,010)	(53,058)
Zakat Expense		(31,515)	(16,513)
<b>Net profit for the period</b>		<b>3,862,281</b>	<b>2,472,491</b>
<b>Distributed as follows:</b>			
Shareholders of the Parent Company		3,439,729	2,130,741
Non-controlling interests		422,552	342,250
		<b>3,862,281</b>	<b>2,472,991</b>
<b>Basic earnings per share for Parent Company's shareholders (fils)</b>	15	<b>1.95</b>	<b>1.21</b>

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 2022  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	<b>For the three months period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
Net profit for the period	3,862,281	2,472,991
<b>Other comprehensive income items:</b>		
<i>Items that will not be reclassified subsequently to the consolidated statement of income:</i>		
Group's share in associates' reserves	190,166	661,276
Change in fair value reserve	-	160,205
	<u>190,166</u>	<u>821,481</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>		
Foreign currency translation reserve	11,934	(84,157)
<b>Total other comprehensive income items</b>	<u>202,100</u>	<u>737,324</u>
<b>Total comprehensive income for the period</b>	<u>4,064,381</u>	<u>3,210,315</u>
<b>Distributed as follows:</b>		
Shareholders of the Parent Company	3,641,829	2,871,683
Non-controlling interests	422,552	338,632
<b>Total comprehensive income for the period</b>	<u>4,064,381</u>	<u>3,210,315</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 2022  
(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			
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
Balance as at 1 January 2022	184,069,975	1,308,384	(6,796,105)	39,876,386	29,296,785	6,618,827	35,333,955	289,708,207	23,197,194	312,905,401
Net profit for the period	-	-	-	-	-	-	3,439,729	3,439,729	422,552	3,862,281
Total comprehensive income for the period	-	-	-	-	-	202,100	-	202,100	-	202,100
Sale of investment at FVTOCI	-	-	-	-	-	-	151,536	151,536	-	151,536
Acquisition shares in subsidiary	-	-	-	-	-	-	8,501	8,501	(16,368)	(7,867)
Sale of treasury shares	-	-	41,943	-	-	9,071	-	51,014	-	51,014
Purchase of treasury shares	-	-	(1,013,254)	-	-	-	-	(1,013,254)	-	(1,013,254)
Balance as at 31 March 2022	184,069,975	1,308,384	(7,767,416)	39,876,386	29,296,785	6,829,998	38,933,721	292,547,833	23,603,378	316,151,211

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 2022  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2022	2021
<b>Operating activities:</b>			
Net profit for the period		3,862,281	2,472,991
Adjustments for:			
Depreciation of property, plant and equipment		289,412	258,096
Provision of credit losses		-	52,176
Share of loss from investments in associates		32,425	478,817
Net gain on investments	14	(517,142)	(514,756)
Finance cost		1,251,401	1,372,588
Employees' end of service indemnity provided during the period		48,193	45,291
<i>Operating cash flow before changes in the working capital</i>		<u>4,966,570</u>	<u>4,165,203</u>
Payment for purchase of land and properties held for trading		(74,793)	(86,640)
Receivables and other debit balances		759,603	(696,125)
Payables and other credit balances		(83,757)	592,095
Employees' end of service indemnity paid during the period		(723)	(169,253)
Net cash generated from operating activities		<u>5,566,900</u>	<u>3,805,280</u>
<b>Investing activities:</b>			
Payment for purchase of property, plant and equipment		(28,963)	(174,564)
Payment for purchase of investment property		(133,559)	(184,120)
Payment to acquire shares in associate		(41,038)	-
Payment to a acquire investment at FVTOCI		(3,843,860)	-
Proceeds on sale of Investment at FVTOCI		166,541	13,179
Payment to acquire investment at fair value through profit or loss		(136,309)	-
Payment to acquire shares in subsidiary		(7,867)	-
Dividend and accrued dividends received from associates		2,045,051	474,040
Advance payment for purchase investment of FVTOCI		(6,631,924)	(2,015,557)
Dividend received from investment		383,276	442,065
Time deposit		-	(300,000)
Net cash used in investing activities		<u>(8,228,652)</u>	<u>(1,744,957)</u>
<b>FINANCING ACTIVITIES:</b>			
Net financing from third party		1,018,051	(1,952,223)
Finance charges paid		(1,242,381)	(1,215,189)
Dividend paid		(15,991)	(46,137)
Payment for buy-back of treasury shares		(1,013,254)	(456,652)
Proceeds from sale of treasury shares		51,014	-
Net cash used in financing activities		<u>(1,202,561)</u>	<u>(3,670,201)</u>
Net decrease in cash and cash equivalents		<u>(3,864,313)</u>	<u>(1,609,878)</u>
Cash and cash equivalents at the beginning of the period		9,024,434	4,673,975
<b>Cash and cash equivalents at the end of the period</b>	8	<u>5,160,121</u>	<u>3,064,097</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 2022 (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 2022	31 December 2021 (audited)	31 March 2021
Al Mutajara Real Estate Company K.S.C.C.	Real estate	Kuwait	77.61%	77.59%	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 2022 to approve the consolidated financial statements for the year ended 31 December 2021.

This interim condensed consolidated financial information was authorized for issue by Parent Company's Board of Director's on 15 May 2022.

**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 2021. 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 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

**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 2021 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 2022 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

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

**Amendments to IAS 16**

The IASB decided to amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The IASB also decided to clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

- *The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.*

**Annual Improvements to IFRS Standards 2018–2020 (May 2020)**

Amendment to IFRS 9 (Fees in the '10 per cent' Test for Derecognition of Financial Liabilities);

- *The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.*

Other improvements have no effect.

**2.1.2 IFRSs issued but not yet mandatorily effective**

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

**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 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 12**

Taxable and deductible temporary differences of the deferred tax asset and liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Application of the amendments before the effective date is permitted.

**Amendments to IAS 8**

Definition of accounting estimates;

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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's interim condensed consolidated financial information for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022 (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 2022	31 December 2021 (audited)	31 March 2021				
<b>Financial assets</b>							
<b>Investments at fair value - other comprehensive income</b>							
Quoted shares	628,102	628,102	380,837	Level 1	Last bid price	N/A	N/A
Private equity	37,757,104	33,928,249	40,042,544	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	99,789	99,789	426,178	Level 3	Income approach/market multiple model	Adjusted NAV	Higher estimated cash flows and lower discount rates, results in higher fair value
<b>Investments at fair value – statement of income:</b>							
Quoted shares	1,092,134	981,338	743,917	Level 1	Last bid price	N/A	N/A
Private equity	22,488,357	22,352,048	19,736,990	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.

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**5. Investment properties**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Balance at beginning of the period/ year	373,878,195	377,533,432	377,533,432
Additions	133,559	594,638	184,120
Change in fair value	-	(4,249,875)	-
Balance at end of the period/year	<u>374,011,754</u>	<u>373,878,195</u>	<u>377,717,552</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:

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
<b><u>Lease liabilities (non-current)</u></b>			
Amounts due after 12 months	2,418,389	2,443,452	2,522,143
<b><u>Lease liabilities (current)</u></b>			
Amounts due within 12 months	101,041	101,061	94,440
	<u>2,519,430</u>	<u>2,544,513</u>	<u>2,616,583</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**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Balance as at the beginning of the period/year	40,968,845	44,180,790	44,180,790
Additions during the period/ year	41,038	431,177	-
Group's share in a associates results	(32,425)	(632,934)	(478,817)
Group's share in a associates reserves	190,166	1,438,076	661,276
Gains/ (losses) of investments at FVTOCI	-	(68,204)	219
Translation of foreign currencies	11,934	(129,216)	(84,157)
Impairment in associate	-	(3,634,018)	-
Cash dividends	(948,081)	(616,826)	(474,040)
	<u>40,231,477</u>	<u>40,968,845</u>	<u>43,805,271</u>

**7. Receivables and other debit balances**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Trade receivables	8,361,324	8,793,068	8,507,101
Due from related parties (Note 16)	-	-	200,981
Provision for impairment	(5,942,429)	(5,942,429)	(5,211,001)
	<u>2,418,895</u>	<u>2,850,639</u>	<u>3,497,081</u>
Prepaid expenses	240,082	175,936	242,380
Advance payments for acquisition of investments	14,049,448	7,417,524	2,015,557
Advance payment for purchase of land	3,881,583	3,708,068	5,015,430
Refundable deposits	337,966	337,966	344,621
Advances to contractors and suppliers	470,553	462,288	521,286
Other debit balances	2,712,905	4,360,590	3,606,761
	<u>21,692,537</u>	<u>16,462,372</u>	<u>11,746,035</u>
Provisions	(397,303)	(397,303)	-
	<u>21,295,234</u>	<u>16,065,069</u>	<u>11,746,035</u>
	<u>23,714,129</u>	<u>18,915,708</u>	<u>15,243,116</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022 (Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses is as follows:

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Balance at beginning of the period/year	5,942,429	5,181,225	5,181,225
Provision created during the period/year	-	807,708	66,042
Reversal of provision for doubtful debts	-	(19,338)	(13,866)
Bad debts	-	(27,166)	(22,400)
Balance at end of the period/year	<u>5,942,429</u>	<u>5,942,429</u>	<u>5,211,001</u>

**8. Cash and cash equivalents**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Cash in hand	5,302	5,403	6,271
Cash at banks and financial institutions	3,138,819	9,019,031	2,557,826
Deposits with financial institution	2,316,000	300,000	800,000
	<u>5,460,121</u>	<u>9,324,434</u>	<u>3,364,097</u>
Less: deposits with financial institution more than 3 months	(300,000)	(300,000)	(300,000)
Cash and cash equivalent for cash flow	<u>5,160,121</u>	<u>9,024,434</u>	<u>3,064,097</u>

**9. Treasury shares**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Number of shares (No's)	75,931,106	68,159,268	86,765,411
Percentage of issued shares (%)	4.13	3.70	4.72
Market value	9,111,733	8,315,431	8,129,919
Cost	7,767,416	6,796,105	8,410,508

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**

	<b>Change of fair value reserve</b>	<b>Group's share in associates' reserves</b>	<b>Translation of foreign currencies</b>	<b>Property, plant and equipment revaluation surplus</b>	<b>Treasury shares reserve</b>	<b>Total</b>
<b>As at 1 January 2021</b>	(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
<b>As at 31 March 2021</b>	<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>
<b>As at 1 January 2022</b>	(2,368,338)	2,428,897	237,959	5,547,886	772,423	6,618,827
Total comprehensive income for the period	-	190,166	11,934	-	-	202,100
Profit from sale treasury shares	-	-	-	-	9,071	9,071
<b>As at 31 March 2022</b>	<u>(2,368,338)</u>	<u>2,619,063</u>	<u>249,893</u>	<u>5,547,886</u>	<u>781,494</u>	<u>6,829,998</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**11. Financing from third party**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Finance from third party – current portion	14,504,838	14,499,617	22,431,589
Finance from third party – non current portion	190,723,150	189,710,320	187,190,998
	<u>205,227,988</u>	<u>204,209,937</u>	<u>209,622,587</u>
Cost rate (%)	1.9-3.0	1.6-3.0	2.07-3.0

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

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Property, plant and equipment	20,617,835	20,799,587	21,358,459
Investment property	283,440,860	283,440,860	260,153,560

**12. Payables and other credit balances**

	<b>31 March 2022 (unaudited)</b>	<b>31 December 2021 (audited)</b>	<b>31 March 2021 (unaudited)</b>
Trade payables	570,514	617,885	825,283
Due to related parties (Note 16)	252,408	102,020	37,463
Retentions	916,440	916,440	1,055,959
Accrued expense	2,513,762	2,633,210	2,368,473
Revenues received in advance	475,557	479,724	536,785
Deposits from others	3,594,338	3,540,900	3,654,831
Kuwait Foundation for the Advancement of Science (KFAS)	211,544	184,894	110,277
National Labour Support Tax (NLST)	483,802	388,792	106,359
Zakat payable	161,416	129,901	16,513
Dividends payable to shareholders	341,735	357,726	429,084
Other credit balances*	7,185,893	7,421,582	7,412,451
	<u>16,707,409</u>	<u>16,773,074</u>	<u>16,553,478</u>

\* Other credit balances include lease liabilities of KD 101,041 due within 12 months.

**13. Net income from operating activities**

	<b>For the three months period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
Real estate rental income	6,607,148	5,725,283
Hotel's and hospitality revenues	487,697	246,116
Total revenues	<u>7,094,845</u>	<u>5,971,399</u>
Operating expenses	(1,025,650)	(996,745)
Hotel and hospitality expenses	(556,936)	(451,580)
Total expenses	<u>(1,582,586)</u>	<u>(1,448,325)</u>
	<u>5,512,259</u>	<u>4,523,074</u>

Hotel and hospitality expenses include an amount of KD 214,381 (KD 215,110 - 2021) 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 2022 (Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**14. Net gain on investments**

	For the three months period ended 31 March	
	2022	2021
<b>Investment at FVOCI</b>		
Cash dividends	406,346	503,291
	<u>406,346</u>	<u>503,291</u>
<b>Investments at fair value through profit or loss</b>		
Change in fair value	110,796	11,079
Cash dividends	-	386
	<u>110,796</u>	<u>11,465</u>
	<u>517,142</u>	<u>514,756</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	
	2022	2021
Net profit for the period (KD)	3,439,729	2,130,741
Weighted average number of outstanding shares (share)	<u>1,768,365,331</u>	<u>1,755,639,554</u>
<b>Basic EPS (fils)</b>	<u>1.95</u>	<u>1.21</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	
	2022	2021
Key management benefits	182,693	156,457
Operating Revenue	5,242	5,223
Operating expenses and other charges	80,200	83,033
Property, plant and equipment	6,649	91,146
Advanced for aquization of investments	597,173	2,015,557

	31 March 2022 (unaudited)	31 December 2021 (audited)	31 March 2021 (unaudited)
<b>Balances</b>			
Receivables and other debit balances	-	-	200,981
Payables and other credit balances	252,408	102,020	37,463
Balances due to key management	505,587	497,573	184,957

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.

**17. Capital commitments and contingent liabilities**

	31 March 2022 (unaudited)	31 December 2021 (audited)	31 March 2021 (unaudited)
<b>Capital commitments</b>			
Uncalled capital – investments	2,445,331	1,532,272	7,204,930
Contract for projects and investment properties under development	2,010,115	1,972,266	2,038,425
	<u>4,455,446</u>	<u>3,504,538</u>	<u>9,243,355</u>
<b>Contingent liabilities</b>			
Letters of guarantee	3,759,338	3,759,088	3,759,988

**Commercial Real Estate Company K.P.S.C.**

And its subsidiaries

State of Kuwait



**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022 (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 2022			For the three months period ended 31 March 2021				
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	6,607,148	487,697	484,717	7,579,562	5,725,283	246,116	35,939	6,007,338
Direct cost	(1,295,178)	(556,936)	(62,559)	(1,914,673)	(1,217,944)	(451,580)	(46,267)	(1,715,791)
Gross profit / (loss)	5,311,970	(69,239)	422,158	5,664,889	4,507,339	(205,464)	(10,328)	4,291,547
Unallocated costs				(1,802,608)				(1,818,556)
Net profit for the period				3,862,281				2,472,991

**Geographic distribution:**

**A- Assets and liabilities**

	Assets		Liabilities	
	31 March 2022	31 March 2021 (audited)	31 March 2022	31 March 2021 (audited)
State of Kuwait	422,971,297	426,986,757	218,958,045	217,702,220
Gulf countries	60,955,763	63,345,919	6,396,425	6,677,455
Other	57,578,619	46,952,400	-	-
	541,505,679	537,285,076	225,354,468	224,379,675

**B- Statement of income**

	For the three months period ended 31 March 2022			For the three months period ended 31 March 2021		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
Total income	5,576,415	30,915	411,932	3,985,977	112,754	515,438
Total expenses	(2,026,920)	(130,061)	-	(2,023,612)	(117,566)	-
Net profit	3,549,495	(99,146)	411,932	1,962,365	(4,812)	515,438

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2022  
(Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

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**19. Dividends**

On 11 April 2022 the annual general assembly meeting was held and approved distribution of cash dividends to the shareholders on record as of the due date at 5% after deduction of treasury shares, for the year ended 31 December 2021 (cash dividends 3% per share and 2% bonus share from treasury shares – 2 shares per 100 share - 31 December 2020).

**20. IMPACT OF COVID-19**

The future dynamics of the COVID-19 pandemic remain uncertain due to its evolving nature (new ongoing waves of infection, new restrictions, new variants, vaccination efficacy and rollouts). The full extent of the impact of the crisis in the region and related policy and support measures is still not fully known.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of IFRS, and incorporated the outcome in interim condensed consolidated financial information and explained the changes related to the critical judgement and estimates for the period ended 31 March 2022.

Further, management is aware that any further disruptions due to the emerging new covid variants could negatively impact the interim condensed consolidated financial information, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, its industry reports and cash flows to minimise any negative impact on the Group.