



**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 nine months ended 30 September 2022**



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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 30 September 2022, and the related interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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.

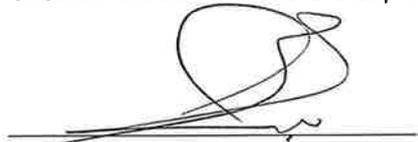
Conclusion

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

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 nine months period ended 30 September 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 nine months period ended 30 September 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, 14 November 2022

**Interim Condensed Consolidated Statement of Financial Position as at 30 September 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		22,218,891	22,857,758	22,648,764
Investment property	5	374,303,585	373,878,195	378,018,500
Investments in associates	6	42,586,344	40,968,845	44,651,055
Investment at FVOCI	3	55,986,434	34,656,140	32,361,821
		<u>495,095,254</u>	<u>472,360,938</u>	<u>477,680,140</u>
Current assets				
Land and properties held for trading	7	17,018,560	13,350,610	12,447,616
Investments at fair value through profit or loss	3	32,039,945	23,333,386	20,277,557
Receivables and other debit balances	8	6,271,762	18,915,708	26,992,227
Cash and cash equivalents	9	5,014,158	9,324,434	6,809,944
		<u>60,344,425</u>	<u>64,924,138</u>	<u>66,527,344</u>
Total assets		<u>555,439,679</u>	<u>537,285,076</u>	<u>544,207,484</u>
Equity and liabilities				
Equity attributable to the shareholders of the Parent Company				
Share capital		184,069,975	184,069,975	184,069,975
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	10	(8,901,173)	(6,796,105)	(6,254,765)
Statutory reserve		39,876,386	39,876,386	38,548,936
Voluntary reserve		29,296,785	29,296,785	28,633,060
Other reserve	11	6,137,683	6,618,827	6,477,540
Retained earnings		39,423,044	35,333,955	40,979,282
Total equity attributable to the shareholders of the Parent Company		<u>291,211,084</u>	<u>289,708,207</u>	<u>293,762,412</u>
Non-controlling interests		24,030,754	23,197,194	24,213,762
Total equity		<u>315,241,838</u>	<u>312,905,401</u>	<u>317,976,174</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,056,656	953,212	935,350
Lease liabilities	5	2,365,153	2,443,452	2,474,924
Financing from third party	12	185,681,299	189,710,320	182,974,227
		<u>189,103,108</u>	<u>193,106,984</u>	<u>186,384,501</u>
Current liabilities				
Payables and other credit balances	13	16,635,582	16,773,074	15,015,350
Financing from third party	12	34,459,151	14,499,617	24,831,459
		<u>51,094,733</u>	<u>31,272,691</u>	<u>39,846,809</u>
Total liabilities		<u>240,197,841</u>	<u>224,379,675</u>	<u>226,231,310</u>
Total equity and liabilities		<u>555,439,679</u>	<u>537,285,076</u>	<u>544,207,484</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 nine months ended 30 September 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022	2021	2022	2021
Revenues					
Rental income from investment properties and hotel operations		7,057,380	6,558,858	21,272,745	18,426,654
Gain on sale of land and properties held for trading		-	10,104,240	586,393	14,284,844
Operating expenses		(2,033,704)	(1,781,061)	(5,636,987)	(4,885,915)
Net income from operating activities	14	5,023,676	14,882,037	16,222,151	27,825,583
Share of (loss) /profit from associates	6	(2,602,592)	246,206	(654,134)	321,659
Net gain on investments	15	903,361	623,649	1,976,216	1,373,260
Change in Exchange rate		24,664	(4,633)	(22,774)	17,519
Other income		30,212	79,633	69,892	145,463
Total net income		3,379,321	15,826,892	17,591,351	29,683,484
Expenses and other charges					
Administrative expenses and other charges		780,876	691,230	2,403,175	2,213,713
Provision (reversed) / formed		(3,634,018)	10,399	(3,634,018)	465,378
Other expense	16	-	-	-	4,428,000
Finance cost		1,637,931	1,373,142	4,232,722	4,168,384
Total expenses		(1,215,211)	2,074,771	3,001,879	11,275,475
Net profit for the period before deductions		4,594,532	13,752,121	14,589,472	18,408,009
Kuwait Foundation for the Advancement of Sciences (KFAS)		(8,168)	(111,958)	(66,045)	(139,124)
National Labour Support Tax (NLST)		(102,214)	(238,682)	(332,339)	(459,251)
Zakat Expense		(12,202)	(78,188)	(79,711)	(161,595)
Net profit for the period		4,471,948	13,323,293	14,111,377	17,648,039
Distributed as follows:					
Shareholders of the Parent Company		3,964,072	12,849,133	12,547,956	16,432,130
Non-controlling interests		507,876	474,160	1,563,421	1,215,909
		4,471,948	13,323,293	14,111,377	17,648,039
Basic earnings per share for Parent Company's shareholders (fils)	17	2.26	7.06	7.12	9.29

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

**Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
Net profit for the period	4,471,948	13,323,293	14,111,377	17,648,039
Other comprehensive income items:				
<i>Items that may not be reclassified subsequently to the consolidated statement of income:</i>				
Group's share in associates' reserves	(572,666)	802,320	(463,162)	929,547
Change in fair value reserve	(98,747)	91,433	(142,595)	6,470
	<u>(671,413)</u>	<u>893,753</u>	<u>(605,757)</u>	<u>936,017</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation reserve	30,707	(30,612)	134,389	(104,750)
Total other comprehensive (loss)/ income	<u>(640,706)</u>	<u>863,141</u>	<u>(471,368)</u>	<u>831,267</u>
Total comprehensive income for the period	<u>3,831,242</u>	<u>14,186,434</u>	<u>13,640,009</u>	<u>18,479,306</u>
Distributed as follows:				
Shareholders of the Parent Company	3,323,366	13,709,214	12,079,838	17,261,060
Non-controlling interests	507,876	477,220	1,560,171	1,218,246
Total comprehensive income for the period	<u>3,831,242</u>	<u>14,186,434</u>	<u>13,640,009</u>	<u>18,479,306</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 nine months ended 30 September 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Equity attributable to the shareholders of the Parent Company					Retained earnings	Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 10)				
Balance as at 1 January 2021	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	-	-	-	-	-	16,432,130	16,432,130	1,215,909	17,648,039
Total comprehensive income for the period	-	-	-	-	828,930	(68,204)	(68,204)	2,337	831,267
Sale of investment at FVTOCI – associate	-	-	-	-	(194,173)	1,096,883	902,710	12,873	(68,204)
Sale of investment at FVTOCI	-	-	-	-	-	(5,267,149)	(5,267,149)	-	915,583
Cash dividends (note 21)	-	-	-	-	489,947	(3,994,801)	-	-	(5,267,149)
In-kind dividends from treasury shares (note 21)	-	3,504,854	-	-	-	-	-	(455,311)	(455,311)
Cash dividends of subsidiary	-	(1,805,763)	-	-	-	-	(1,805,763)	-	(1,805,763)
Purchase of treasury shares	-	(6,254,765)	-	-	-	-	-	-	-
Balance as at 30 September 2021	1,308,384	(6,254,765)	38,548,936	28,633,060	6,477,540	40,979,282	293,762,412	24,213,762	317,976,174
Balance as at 1 January 2022	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	-	-	-	-	-	12,547,956	12,547,956	1,563,421	14,111,377
Total comprehensive income for the period	-	-	-	-	(468,118)	-	(468,118)	(3,250)	(471,368)
Sale of investment at FVTOCI	-	-	-	-	(22,097)	338,949	316,852	-	316,852
Sale of investment at FVTOCI – associate	-	-	-	-	-	(13,021)	(13,021)	-	(13,021)
Acquisition of shares in subsidiary	-	-	-	-	-	59,081	59,081	(109,210)	(50,129)
Adjustment of associate	-	-	-	-	-	(3,136)	(3,136)	-	(3,136)
Cash dividends (note 21)	-	-	-	-	-	(8,840,740)	(8,840,740)	-	(8,840,740)
Cash dividends to non controlling in a subsidiaries	-	-	-	-	-	-	-	(617,401)	(617,401)
Sale of treasury shares	-	41,943	-	-	9,071	-	51,014	-	51,014
Purchase of treasury shares	-	(2,147,011)	-	-	-	-	(2,147,011)	-	(2,147,011)
Balance as at 30 September 2022	1,308,384	(8,901,173)	39,876,386	29,296,785	6,137,683	39,423,044	291,211,084	24,030,754	315,241,838

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

**Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the nine months ended 30 September	
		2022	2021
Operating activities:			
Net profit for the period		14,111,377	17,648,039
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		883,422	790,371
Provisions and impairment recognized/(reversed)		(3,634,018)	465,378
Share of associates results	6	654,134	(321,659)
Net gain on investments	15	(1,976,216)	(1,373,260)
Finance cost		4,232,722	4,168,384
Employees' end of service indemnity provided during the period		187,529	127,470
<i>Operating cash flow before changes in the working capital</i>		<u>14,458,950</u>	<u>21,504,723</u>
Land and properties held for trading		(357,185)	1,096,898
Receivables and other debit balances		1,025,530	(992,465)
Payables and other credit balances		(923,555)	(363,391)
Employees' end of service indemnity paid during the period		(84,085)	(201,573)
Net cash generated from operating activities		<u>14,119,655</u>	<u>21,044,192</u>
Investing activities:			
Payment for addition of Investment properties		(425,390)	(485,068)
Payment for purchase of property, plant and equipment		(244,555)	(387,277)
Advance payments for acquisition of investments		-	(7,940,310)
Payment to acquire shares in associates		(151,230)	(8,839)
Payment to acquire investment at fair value through statement of income		(1,262,127)	(80,238)
Payment to acquire investment at FVTOCI		(22,318,968)	(1,261,419)
Proceeds on sale of Investment at FVTOCI		1,162,931	4,605,761
Proceeds on sale of Investment at fair value through statement of income		-	10,530
Acquisition of share in subsidiary		(50,129)	-
Dividend received from associates and accrued dividends	6	2,265,655	616,826
Cash dividends received on investments		1,742,465	1,550,831
Deposits with financial institution		(1,336,000)	(300,000)
Net cash used in investing activities		<u>(20,617,348)</u>	<u>(3,679,203)</u>
FINANCING ACTIVITIES:			
Net financing from third party		15,930,513	(3,769,124)
Finance cost paid		(3,781,649)	(4,127,268)
Dividend paid		(8,746,956)	(5,371,554)
Payment for acquisition of treasury shares		(2,147,011)	(1,805,763)
Proceeds from sale of treasury shares		51,014	-
Dividend paid for non-controlling interest in subsidiaries		(454,494)	(455,311)
Net cash generated from/ (used in) financing activities		<u>851,417</u>	<u>(15,529,020)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(5,646,276)</u>	<u>1,835,969</u>
Cash and cash equivalents at the beginning of the period		<u>9,024,434</u>	<u>4,673,975</u>
Cash and cash equivalents at the end of the period	9	<u>3,378,158</u>	<u>6,509,944</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 nine months ended 30 September 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		
			30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Al Mutajara Real Estate Company K.S.C.C.	Investment property	Kuwait	%77.77	77.59%	77.57%
Commercial Real Estate Development Company	Investment property	Bahrain	%100	100%	100%
Commercial Real Estate Development Company	Investment property	Morocco	%100	100%	100%
Al-Salmiya Group K.S.C. (Closed)	Investment property	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 14 November 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 nine-month period ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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
	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	485,507	628,102	636,053	Level 1	Last bid price	N/A	N/A
Private equity	53,806,338	33,928,249	31,625,326	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	1,694,589	99,789	100,442	Level 2	NAV	N/A	NA
Investments at fair value – statement of income:							
Quoted shares	1,008,245	981,338	870,542	Level 1	Last bid price	N/A	N/A
Private equity	31,031,700	22,352,048	19,407,015	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.
- No transfer between fair value levels during the period.

4. Estimates & Judgements

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.

5. Investment properties

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Balance at beginning of the period/ year	373,878,195	377,533,432	377,533,432
Additions	425,390	594,638	485,068
Change in fair value	-	(4,249,875)	-
Balance at end of the period/year	374,303,585	373,878,195	378,018,500

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Investment properties include the right of use Boulevard project which will expire in year 2036. The balance of lease liabilities is as follows:

	30 September 2022	31 December 2021	30 September 2021
	(unaudited)	(audited)	(unaudited)
<u>Lease liabilities (non-current)</u>			
Amounts due after 12 months	2,365,153	2,443,452	2,474,924
<u>Lease liabilities (current)</u>			
Amounts due within 12 months	104,932	101,061	94,061
	<u>2,470,085</u>	<u>2,544,513</u>	<u>2,568,985</u>

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between five to six years, with the option of renewal for similar periods. All operating lease contracts contain contractual terms relating to the revision of the lease value to reflect the market value in case the tenant uses the option of renewal. The lessee does not have an option to purchase the property at the expiry of the lease period.

6. Investments in associates

	30 September 2022	31 December 2021	30 September 2021
	(unaudited)	(audited)	(unaudited)
Balance as at the beginning of the period/year	40,968,845	44,180,790	44,180,790
Additions during the period/ year	151,230	431,177	8,839
Group's share of associates results	(654,134)	(632,934)	321,659
Group's share of associates reserves	(463,162)	1,438,076	929,547
(Losses) on sale of investments at FVTOCI	(13,021)	(68,204)	(68,204)
Translation of foreign currencies	134,389	(129,216)	(104,750)
Impairment in associate revers / (form)	3,634,018	(3,634,018)	-
Adjustment of associate Financials	(3,136)	-	-
Cash dividends	(1,168,685)	(616,826)	(616,826)
	<u>42,586,344</u>	<u>40,968,845</u>	<u>44,651,055</u>

7. Lands and properties held for trading

Lands and properties held for trading includes lands in Kingdom of Bahrain amounting to KD 4,449,705 registered in the name of a related party, but assigned in the name of the Parent Company.

8. Receivables and other debit balances

	30 September 2022	31 December 2021	30 September 2021
	(unaudited)	(audited)	(unaudited)
Trade receivables	8,210,654	8,793,068	14,593,250
Due from related parties (Note 18)	909	-	90,041
Provision for expected credit losses	(5,942,429)	(5,942,429)	(5,226,900)
	<u>2,269,134</u>	<u>2,850,639</u>	<u>9,456,391</u>
Prepaid expenses	244,181	175,936	137,529
Advance payments for acquisition of investments	-	7,417,524	7,940,310
Advance payment for purchase of land	-	3,708,068	5,121,060
Refundable deposits	339,091	337,966	341,491
Advances to contractors and suppliers	467,366	462,288	573,029
Other debit balances	2,951,990	4,360,590	3,819,720
	<u>4,002,628</u>	<u>16,462,372</u>	<u>17,933,139</u>
Provisions	-	(397,303)	(397,303)
	<u>4,002,628</u>	<u>16,065,069</u>	<u>17,535,836</u>
	<u>6,271,762</u>	<u>18,915,708</u>	<u>26,992,227</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses of receivables as follows:

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Balance at beginning of the period/year	5,942,429	5,181,225	5,181,225
Provision created during the period/year	-	807,708	81,941
Reversal of provision for credit losses	-	(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>5,226,900</u>

9. Cash and cash equivalents

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Cash in hand	5,314	5,403	5,660
Cash at banks and financial institutions	3,072,844	9,019,031	5,344,284
Deposits with financial institution	1,936,000	300,000	1,460,000
	<u>5,014,158</u>	<u>9,324,434</u>	<u>6,809,944</u>
Less: deposits with financial institution more than 3 months	(1,636,000)	(300,000)	(300,000)
Cash and cash equivalent for cash flow	<u>3,378,158</u>	<u>9,024,434</u>	<u>6,509,944</u>

10. Treasury shares

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Number of shares (No's)	86,766,902	68,159,268	63,827,290
Percentage of issued shares (%)	4.71	3.70	3.47
Market value	8,685,367	8,315,431	7,850,757
Cost	8,901,173	6,796,105	6,254,765

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

11. 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 2021	(1,837,668)	992,967	367,175	5,547,886	282,476	5,352,836
Total comprehensive income for the period	6,470	927,210	(104,750)	-	-	828,930
Sale of investment at FVTOCI	(194,173)	-	-	-	-	(194,173)
In-kind dividends from treasury shares	-	-	-	-	489,947	489,947
As at 30 September 2021	<u>(2,025,371)</u>	<u>1,920,177</u>	<u>262,425</u>	<u>5,547,886</u>	<u>772,423</u>	<u>6,477,540</u>
As at 1 January 2022	(2,368,338)	2,428,897	237,959	5,547,886	772,423	6,618,827
Total comprehensive income for the period	(142,595)	(459,912)	134,389	-	-	(468,118)
Sale of investment at FVTOCI	(22,097)	-	-	-	-	(22,097)
In-kind dividends from treasury shares	-	-	-	-	9,071	9,071
As at 30 September 2022	<u>(2,533,030)</u>	<u>1,968,985</u>	<u>372,348</u>	<u>5,547,886</u>	<u>781,494</u>	<u>6,137,683</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

12. Financing from third party

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Finance from third party – non current portion	185,681,299	189,710,320	182,974,227
Finance from third party – current portion	34,459,151	14,499,617	24,831,459
	<u>220,140,450</u>	<u>204,209,937</u>	<u>207,805,686</u>
Cost rate (%)	4.0-2.5	1.65-3.00	1.99-3.0

Finance from third party have been granted against mortgage of the following assets.

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Property, plant and equipment	20,356,797	20,799,587	20,983,153
Investment property	283,487,135	283,440,860	283,307,989

13. Payables and other credit balances

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Trade payables	686,324	617,885	626,891
Due to related parties (Note 18)	88,564	102,020	46,419
Retentions	916,440	916,440	955,718
Accrued expense	2,755,565	2,633,210	2,493,973
Revenues received in advance	585,006	479,724	494,996
Deposits from others	3,555,136	3,540,900	3,582,355
Kuwait Foundation for the Advancement of Science (KFAS)	250,939	184,894	233,440
National Labour Support Tax (NLST)	332,339	388,792	459,251
Zakat payable	79,711	129,901	161,595
Dividends payable to shareholders	451,510	357,726	370,816
Other credit balances*	6,934,048	7,421,582	5,589,896
	<u>16,635,582</u>	<u>16,773,074</u>	<u>15,015,350</u>

* Other credit balances include lease liabilities of KD 104,932 due within 12 months.

14. Net income from operating activities

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
Revenues				
Real estate rental income	6,400,080	5,987,929	19,389,207	17,293,840
Revenues from hotel operation	657,300	570,929	1,883,538	1,132,814
	<u>7,057,380</u>	<u>6,558,858</u>	<u>21,272,745</u>	<u>18,426,654</u>
Gain on sale of land and properties held for trading	-	10,104,240	586,393	14,284,844
	<u>7,057,380</u>	<u>16,663,098</u>	<u>21,859,138</u>	<u>32,711,498</u>
Expenses				
Operating expenses	(1,335,643)	(1,238,629)	(3,706,611)	(3,420,265)
Hotel and hospitality expenses	(698,061)	(542,432)	(1,930,376)	(1,465,650)
	<u>(2,033,704)</u>	<u>(1,781,061)</u>	<u>(5,636,987)</u>	<u>(4,885,915)</u>
Net income from operating activities	<u>5,023,676</u>	<u>14,882,037</u>	<u>16,222,151</u>	<u>27,825,583</u>

Hotel and hospitality expenses include an amount of KD 654,679 (KD 651,920 - 2021) which represents the current period depreciation of the hotel building and related equipment.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Net gain on investments

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
Investment at FVOCI				
Cash dividends	673,497	439,557	1,735,062	1,383,563
	<u>673,497</u>	<u>439,557</u>	<u>1,735,062</u>	<u>1,383,563</u>
Investments at fair value through profit or loss				
Change in fair value	15,828	(39,570)	26,908	(272,509)
Cash dividends	214,036	213,132	214,246	251,676
Gain on sale	-	10,530	-	10,530
	<u>229,864</u>	<u>184,092</u>	<u>241,154</u>	<u>(10,303)</u>
	<u>903,361</u>	<u>623,649</u>	<u>1,976,216</u>	<u>1,373,260</u>

16. Other expenses

During June 2021, the company has detected a cyber-intrusion into the e-mail network, which is a fraud of correspondence and documents. Necessary measures are being taken by the technical and legal department to track the hacking process in coordination with the official authorities to protect the rights of the company and its shareholders.

Where the company submitted a complaint to the Cybercrime Department in the United Arab Emirates and in the State of Kuwait to the Public Prosecution (Prosecution for Media, Information and Publication Affairs) of a case of financial fraud by forgery in electronic correspondence to transfer money worth 54,000,000 UAE dirhams (fifty-four million UAE dirhams), equivalent to 4,428 million Kuwaiti Dinars (four million four hundred twenty-eight thousand Kuwaiti Dinars) for investment in Dubai.

An investigation is underway and legal measures are being taken by the judicial authorities, as the company is striving to recover the amount to protect its rights.

The matter is still under investigation by the Public Prosecution Office in Kuwait and the United Arab Emirates.

17. 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:

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
Net profit for the period (KD)	3,964,072	12,849,133	12,547,956	16,432,130
Weighted average number of outstanding shares (share)	<u>1,755,371,242</u>	<u>1,820,132,727</u>	<u>1,762,288,260</u>	<u>1,769,172,077</u>
Basic earnings per shaers (fils)	<u>2.26</u>	<u>7.06</u>	<u>7.12</u>	<u>9.29</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

18. Related Party 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 annual general assembly (AGM). Significant related party transactions and balances resulting therefrom were as follows:

Transaction	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
Key management benefits	188,829	154,948	583,329	493,894
Operating revenue	18,847	5,181	56,920	15,636
Operating expenses and other charges	60,480	70,054	253,705	309,836
Property, plant and equipment	38,784	31,378	45,433	161,307
Payment for acquisition of Investments	338,687	1,127,311	935,860	4,549,720
			30 September 2022 (unaudited)	31 December 2021 (audited)
Balances				30 September 2021 (unaudited)
Receivables and other debit balances		909	-	90,041
Payables and other credit balances		88,564	102,020	46,419
Balances due to key management		361,407	497,573	164,308

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

19. Capital commitments and contingent liabilities

	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2021 (unaudited)
Capital commitments			
Uncalled capital – investments	1,723,544	1,532,272	4,678,904
Contract for projects and investment properties under development	1,838,813	1,972,266	1,980,836
	<u>3,562,357</u>	<u>3,504,538</u>	<u>6,659,740</u>
Contingent liabilities			
Letters of guarantee	<u>3,759,338</u>	<u>3,759,088</u>	<u>3,759,088</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

20. Segment information

The Group is organized into three major business segments; real estate, hotel and investment. 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 nine months ended 30 September 2022				For the nine months ended 30 September 2021			
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	20,004,207	1,883,538	4,956,100	26,843,845	32,893,766	1,132,814	1,694,919	35,721,499
Direct cost	(4,447,246)	(1,930,376)	(200,690)	(6,578,312)	(5,651,358)	(1,465,650)	(542,610)	(7,659,618)
Gross profit	15,556,961	(46,838)	4,755,410	20,265,533	27,242,408	(332,836)	1,152,309	28,061,881
Unallocated costs				(6,154,156)				(10,413,842)
Net profit for the period				14,111,377				17,648,039

Geographic distribution:

A- Assets and liabilities

	Assets			Liabilities		
	30 September 2022	31 December 2021	30 September 2021	30 September 2022	31 December 2021	30 September 2021
State of Kuwait	422,693,956	426,986,757	434,227,751	(unaudited)	(unaudited)	(unaudited)
Gulf countries	62,828,984	63,345,919	62,762,213	234,531,825	217,702,220	221,552,207
Other	69,916,739	46,952,400	47,217,520	5,666,016	6,677,455	4,679,103
	555,439,679	537,285,076	544,207,484	240,197,841	224,379,675	226,231,310

B- Statement of income

	For the nine months ended 30 September 2022			For the nine months ended 30 September 2021		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
Total net income	15,652,970	231,693	1,706,688	28,058,653	239,345	1,385,486
Total expenses	(3,106,786)	(373,188)	-	(6,887,249)	(5,148,196)	-
Net profit	12,546,184	(141,495)	1,706,688	21,171,404	(4,908,851)	1,385,486
			14,111,377			17,648,039

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

21. 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% per share 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 treasury shares per 100 share" - 31 December 2020).

22. 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 30 September 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.