



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 2023



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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 2023, 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.

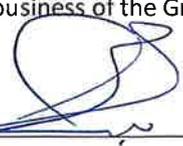
Conclusion

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

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 2023 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 2023, 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 May 2023

**Interim Condensed Consolidated Statement of Financial Position as at 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		21,727,035	21,993,873	22,597,309
Investment property	5	370,717,696	370,673,658	374,011,754
Investments in associates	6	40,893,479	40,750,576	40,231,477
Investment at FVOCI		59,014,039	57,475,854	38,484,995
		<u>492,352,249</u>	<u>490,893,961</u>	<u>475,325,535</u>
Current assets				
Land and properties held for trading		17,023,169	17,006,137	13,425,403
Investments at fair value through profit or loss		34,240,623	33,672,313	23,580,491
Receivables and other debit balances	7	6,434,997	6,135,323	23,714,129
Cash and cash equivalents	8	3,439,494	5,349,916	5,460,121
		<u>61,138,283</u>	<u>62,163,689</u>	<u>66,180,144</u>
Total assets		<u>553,490,532</u>	<u>553,057,650</u>	<u>541,505,679</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	9	(11,121,167)	(9,554,851)	(7,767,416)
Statutory reserve		41,177,521	41,177,521	39,876,386
Voluntary reserve		29,296,785	29,296,785	29,296,785
Other reserve	10	4,797,673	5,069,973	6,829,998
Retained earnings		40,479,587	38,296,270	38,933,721
Total equity attributable to the shareholders of the Parent Company		<u>290,008,758</u>	<u>289,664,057</u>	<u>292,547,833</u>
Non-controlling interests		23,940,821	23,435,358	23,603,378
Total equity		<u>313,949,579</u>	<u>313,099,415</u>	<u>316,151,211</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,128,959	1,094,999	1,000,682
Lease liabilities	5	2,310,468	2,353,486	2,418,389
Financing from third party	11	197,012,802	190,989,602	190,723,150
		<u>200,452,229</u>	<u>194,438,087</u>	<u>194,142,221</u>
Current liabilities				
Payables and other credit balances	12	15,170,117	15,974,376	16,707,409
Financing from third party	11	23,918,607	29,545,772	14,504,838
		<u>39,088,724</u>	<u>45,520,148</u>	<u>31,212,247</u>
Total liabilities		<u>239,540,953</u>	<u>239,958,235</u>	<u>225,354,468</u>
Total equity and liabilities		<u>553,490,532</u>	<u>553,057,650</u>	<u>541,505,679</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 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2023	2022
Revenue			
Rental income from investment properties and hotel's revenue		7,481,375	7,094,845
Operating expenses		(2,218,622)	(1,582,586)
Net income from operating activities	13	5,262,753	5,512,259
Share of profit/ (loss) from investment in associate companies	6	378,150	(32,425)
Net gain on investments	14	672,192	517,142
Other income		23,979	22,286
Total income		6,337,074	6,019,262
Expenses and other charges			
Administrative expenses and other charges		862,686	752,405
Finance cost		2,682,248	1,251,401
Total expenses		3,544,934	2,003,806
Net profit for the period before deductions		2,792,140	4,015,456
Kuwait Foundation for the Advancement of Sciences (KFAS)		(11,316)	(26,650)
National Labour Support Tax (NLST)		(70,108)	(95,010)
Zakat Expense		(3,597)	(31,515)
Net profit for the period		2,707,119	3,862,281
Distributed as follows:			
Shareholders of the Parent Company		2,158,898	3,439,729
Non-controlling interests		548,221	422,552
		2,707,119	3,862,281
Basic earnings per share for Parent Company's shareholders (fils)	15	1.20	1.89

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 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	For the three months period ended 31 March	
	2023	2022
Net profit for the period	2,707,119	3,862,281
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	(297,736)	190,166
Change in fair value reserve	(32,916)	-
	<u>(330,652)</u>	<u>190,166</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>		
Foreign currency translation reserve	59,276	11,934
Total other comprehensive (loss) / income items	<u>(271,376)</u>	<u>202,100</u>
Total comprehensive income for the period	<u>2,435,743</u>	<u>4,064,381</u>
Distributed as follows:		
Shareholders of the Parent Company	1,886,598	3,641,829
Non-controlling interests	549,145	422,552
Total comprehensive income for the period	<u>2,435,743</u>	<u>4,064,381</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 2023
(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 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 of additional shares in a 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			
Balance as at 1 January 2023	184,069,975	1,308,384	(9,554,851)	41,177,521	29,296,785	5,069,973	38,296,270	289,664,057	23,435,358	313,099,415			
Net profit for the period	-	-	-	-	-	-	2,158,898	2,158,898	548,221	2,707,119			
Total comprehensive income for the period	-	-	-	-	-	(272,300)	-	(272,300)	924	(271,376)			
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	24,419	24,419	(43,682)	(19,263)			
Purchase of treasury shares	-	-	(1,566,316)	-	-	-	-	(1,566,316)	-	(1,566,316)			
Balance as at 31 March 2023	184,069,975	1,308,384	(11,121,167)	41,177,521	29,296,785	4,797,673	40,479,587	290,008,758	23,940,821	313,949,579			

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 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months period ended 31 March	
		2023	2022
Operating activities:			
Net profit for the period		2,707,119	3,862,281
Adjustments for:			
Depreciation of property, plant and equipment		291,251	289,412
Share of results from investments in associates		(378,150)	32,425
Net gain on investments	14	(672,192)	(517,142)
Finance cost		2,682,248	1,251,401
Employees' end of service indemnity provided during the period		71,437	48,193
<i>Operating cash flow before changes in the working capital</i>		4,701,713	4,966,570
Payment for purchase of land and properties held for trading		(17,032)	(74,793)
Receivables and other debit balances		(143,483)	759,603
Payables and other credit balances		(445,485)	(54,861)
Employees' end of service indemnity paid during the period		(37,477)	(723)
Net cash generated from operating activities		4,058,236	5,595,796
Investing activities:			
Payment for purchase of property, plant and equipment		(24,413)	(28,963)
Payment for purchase of investment property		(44,038)	(133,559)
Payment to acquire shares in associate		(3,213)	(41,038)
Payment to acquire investment at FVTOCI		(1,687,787)	(3,843,860)
Proceeds on sale of Investment at FVTOCI		116,686	166,541
Payment to acquire investment at fair value through profit or loss		(769,326)	(136,309)
Payment to acquire shares in subsidiary		(19,263)	(7,867)
Dividend and accrued dividends received from associates		-	2,045,051
Advance payment for purchase investment of FVTOCI		(64,468)	(6,631,924)
Dividend received from investment		781,485	383,276
Time deposit	8	(1,614,000)	-
Net cash used in investing activities		(3,328,337)	(8,228,652)
FINANCING ACTIVITIES:			
Net financing from third party		396,035	1,018,051
Finance charges paid		(2,997,923)	(1,242,381)
Dividend paid		(57,221)	(15,991)
Payment for buy-back of treasury shares		(1,566,316)	(1,013,254)
Paid for the right to use leased property		(28,896)	(28,896)
Proceeds from sale of treasury shares		-	51,014
Net cash used in financing activities		(4,254,321)	(1,231,457)
Net decrease in cash and cash equivalents		(3,524,422)	(3,864,313)
Cash and cash equivalents at the beginning of the period		5,349,916	9,024,434
Cash and cash equivalents at the end of the period	8	1,825,494	5,160,121

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 2023 (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 2023	31 December 2022 (audited)	31 March 2022
Al Mutajara Real Estate Company K.S.C.C.	Real estate	Kuwait	77.84 %	77.77 %	77.61 %
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 2023 to approve the consolidated financial statements for the year ended 31 December 2022.

This interim condensed consolidated financial information was authorized for issue by Parent Company's Board of Director's on 14 May 2023.

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 2022. 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 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

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 2022 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 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

The adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2023 did not result in any material impact on the accounting policies, financial position or performance of the Group.

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 2023	31 December 2022	31 March 2022				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	432,019	464,935	628,102	Level 1	Last bid price	N/A	N/A
Private equity	55,134,773	55,250,956	37,757,104	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	3,447,247	1,759,963	99,789	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	791,402	992,417	1,092,134	Level 1	Last bid price	N/A	N/A
Private equity	33,449,221	32,679,896	22,488,357	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 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investment properties

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Balance at beginning of the period/ year	370,673,658	373,878,195	373,878,195
Additions	44,038	297,477	133,559
Change in fair value	-	(3,502,014)	-
Balance at end of the period/year	<u>370,717,696</u>	<u>370,673,658</u>	<u>374,011,754</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 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
<u>Lease liabilities (non-current)</u>			
Amounts due after 12 months	2,310,468	2,353,486	2,418,389
<u>Lease liabilities (current)</u>			
Amounts due within 12 months	108,246	91,001	101,041
	<u>2,418,714</u>	<u>2,444,487</u>	<u>2,519,430</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 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Balance as at the beginning of the period/year	40,750,576	40,968,845	40,968,845
Additions during the period/ year	3,213	152,854	41,038
Group's share in a associates results	378,150	(2,231,348)	(32,425)
Group's share in a associates reserves	(297,736)	(1,094,853)	190,166
(Losses) of sale investments at FVTOCI	-	(13,021)	-
Translation of foreign currencies	59,276	254,169	11,934
Reversal of Impairment in associate	-	3,634,018	-
Adjustment of associates financials	-	(3,136)	-
Share of other reserves in associates	-	251,733	-
Cash dividends	-	(1,168,685)	(948,081)
	<u>40,893,479</u>	<u>40,750,576</u>	<u>40,231,477</u>

7. Receivables and other debit balances

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Trade receivables	6,028,539	5,854,405	8,361,324
Due from related parties (Note 16)	9,000	-	-
Provision for impairment	(3,634,110)	(3,634,110)	(5,942,429)
	<u>2,403,429</u>	<u>2,220,295</u>	<u>2,418,895</u>
Prepaid expenses	240,008	172,733	240,082
Advance payments for acquisition of investments	-	66,250	14,049,448
Advance payment for purchase of land	130,718	-	3,881,583
Refundable deposits	340,466	339,091	337,966
Advances to contractors and suppliers	542,539	524,793	470,553
Other debit balances	3,016,111	3,050,435	2,712,905
	<u>4,269,842</u>	<u>4,153,302</u>	<u>21,692,537</u>
Provisions	(238,274)	(238,274)	(397,303)
	<u>4,031,568</u>	<u>3,915,028</u>	<u>21,295,234</u>
	<u>6,434,997</u>	<u>6,135,323</u>	<u>23,714,129</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses is as follows:

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Balance at beginning of the period/year	3,634,110	5,942,429	5,942,429
Provision created during the period/year	-	15,944	-
Reversal of provision for doubtful debts	-	(87,213)	-
Bad debts	-	(2,237,050)	-
Balance at end of the period/year	<u>3,634,110</u>	<u>3,634,110</u>	<u>5,942,429</u>

8. Cash and cash equivalents

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Cash in hand	5,691	5,580	5,302
Cash at banks and financial institutions	1,419,803	2,465,432	3,138,819
Deposits with financial institution	<u>2,014,000</u>	<u>2,878,904</u>	<u>2,316,000</u>
	3,439,494	5,349,916	5,460,121
Less: deposits with financial institution more than 3 months	(1,614,000)	-	(300,000)
Cash and cash equivalent for cash flow	<u>1,825,494</u>	<u>5,349,916</u>	<u>5,160,121</u>

9. Treasury shares

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Number of shares (No's)	109,162,087	93,381,034	75,931,106
Percentage of issued shares (%)	5.93	5.07	4.13
Market value	10,752,466	9,039,284	9,111,733
Cost	11,121,167	9,554,851	7,767,416

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 2022	(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
As at 31 March 2022	<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>
As at 1 January 2023	(3,116,745)	1,365,210	492,128	5,547,886	781,494	5,069,973
Total comprehensive income for the period	(32,916)	(298,660)	59,276	-	-	(272,300)
As at 31 March 2023	<u>(3,149,661)</u>	<u>1,066,550</u>	<u>551,404</u>	<u>5,547,886</u>	<u>781,494</u>	<u>4,797,673</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Financing from third party

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Finance from third party – current portion	23,918,607	29,545,772	14,504,838
Finance from third party – non current portion	197,012,802	190,989,602	190,723,150
	<u>220,931,409</u>	<u>220,535,374</u>	<u>205,227,988</u>
Cost rate (%)	5.15-4.0	4.62-3.5	1.9-3.0

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

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Property, plant and equipment	20,004,242	20,187,908	20,617,835
Investment property	284,324,630	284,317,880	283,440,860

12. Payables and other credit balances

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Trade payables	622,767	687,883	570,514
Due to related parties (Note 16)	63,391	88,555	252,408
Retentions	920,187	920,187	916,440
Accrued expense	2,136,558	2,677,505	2,513,762
Revenues received in advance	539,675	547,444	475,557
Deposits from others	3,570,179	3,601,803	3,594,338
Kuwait Foundation for the Advancement of Science (KFAS)	88,324	261,902	211,544
National Labour Support Tax (NLST)	347,962	277,854	483,802
Zakat payable	76,396	72,799	161,416
Dividends payable to shareholders	315,647	372,868	341,735
Other credit balances*	6,489,031	6,465,576	7,185,893
	<u>15,170,117</u>	<u>15,974,376</u>	<u>16,707,409</u>

* Other credit balances include lease liabilities of KD 108,246 due within 12 months.

13. Net income from operating activities

	For the three months period ended 31 March	
	2023	2022
Real estate rental income	6,609,430	6,607,148
Hotel's and hospitality revenues	871,945	487,697
Total revenues	<u>7,481,375</u>	<u>7,094,845</u>
Operating expenses	(1,423,099)	(1,025,650)
Hotel and hospitality expenses	(795,523)	(556,936)
Total expenses	<u>(2,218,622)</u>	<u>(1,582,586)</u>
	<u>5,262,753</u>	<u>5,512,259</u>

Hotel and hospitality expenses include an amount of KD 211,845 (KD 214,381 - 2022) 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 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

14. Net gain on investments

	For the three months period ended 31 March	
	2023	2022
Investment at FVOCI		
Cash dividends	835,112	406,346
	<u>835,112</u>	<u>406,346</u>
Investments at fair value through profit or loss		
Change in fair value	(201,016)	110,796
Cash dividends	38,096	-
	<u>(162,920)</u>	<u>110,796</u>
	<u>672,192</u>	<u>517,142</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	
	2023	2022
Net profit for the period (KD)	2,158,898	3,439,729
Weighted average number of outstanding shares (share)	1,792,523,094	1,823,586,324
Basic EPS (fils)	<u>1.20</u>	<u>1.89</u>

Earnings per share for the current period and comparative period has been amended taking into consideration the effect of bonus share distributed in the current year (note 19).

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	
	2023	2022
Key management benefits	201,436	182,693
Operating Revenue	19,191	5,242
Operating expenses and other charges	124,002	80,200
Property, plant and equipment	8,514	6,649
Advanced for aqization of investments	64,468	597,173

	31 March 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Balances			
Receivables and other debit balances	9,000	-	-
Payables and other credit balances	63,391	88,555	252,408
Balances due to key management	593,195	634,923	505,587

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 2023 (unaudited)	31 December 2022 (audited)	31 March 2022 (unaudited)
Capital commitments			
Uncalled capital – investments	20,335	1,706,550	2,445,331
Contract for projects and investment properties under development	1,963,507	1,847,283	2,010,115
	<u>1,983,842</u>	<u>3,553,833</u>	<u>4,455,446</u>
Contingent liabilities			
Letters of guarantee	4,160,488	4,160,488	3,759,338

Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2023 (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 2023			For the three months period ended 31 March 2022				
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	6,609,430	871,945	1,050,342	8,531,717	6,607,148	487,697	484,717	7,579,562
Direct cost	(1,704,024)	(795,523)	(94,318)	(2,593,865)	(1,295,178)	(556,936)	(62,559)	(1,914,673)
Gross profit / (loss)	4,905,406	76,422	956,024	5,937,852	5,311,970	(69,239)	422,158	5,664,889
Unallocated costs				(3,230,733)				(1,802,608)
Net profit for the period				2,707,119				3,862,281

Geographic distribution:

A- Assets and liabilities

	Assets			Liabilities		
	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 December 2022	31 March 2022
State of Kuwait	416,450,129	417,628,851	422,971,297	233,892,829	234,319,570	218,958,045
Gulf countries	63,513,807	63,514,477	60,955,763	5,648,124	5,638,665	6,396,423
Other	73,526,596	71,914,322	57,578,619	-	-	-
	553,490,532	553,057,650	541,505,679	239,540,953	239,958,235	225,354,468

B- Statement of income

	For the three months period ended 31 March 2023			For the three months period ended 31 March 2022				
	State of Kuwait	Gulf countries	Other	Total	State of Kuwait	Gulf countries	Other	Total
Total income	4,887,736	617,867	831,471	6,337,074	5,576,415	30,915	411,932	6,019,262
Total expenses	(3,493,099)	(136,856)	-	(3,629,955)	(2,026,920)	(130,061)	-	(2,156,981)
Net profit	1,394,637	481,011	831,471	2,707,119	3,549,495	(99,146)	411,932	3,862,281

**Notes to the Interim Condensed Consolidated Financial Information for the three months period ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. Dividends

On 11 April 2023 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 3% bonus share from treasury shares (3 treasury shares per every 100 shares), for the year ended 31 December 2022 (cash dividends 5% per share for 31 December 2021).