



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 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 30 September 2023, and the related interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income for the three-months and nine-months 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.

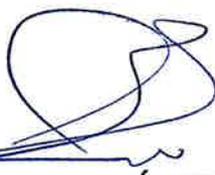
Conclusion

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 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 nine-months period ended 30 September 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, 13 November 2023

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Notes	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		21,650,652	21,993,873	22,218,891
Investment property	5	370,800,465	370,673,658	374,303,585
Investments in associates	6	41,909,724	40,750,576	42,586,344
Investment at fair value through other comprehensive income	3	58,209,149	57,475,854	55,986,434
		<u>492,569,990</u>	<u>490,893,961</u>	<u>495,095,254</u>
Current assets				
Land and properties held for trading	7	17,043,417	17,006,137	17,018,560
Investments at fair value through profit or loss	3	35,778,399	33,672,313	32,039,945
Receivables and other debit balances	8	9,683,249	6,135,323	6,271,762
Cash and cash equivalents	9	5,393,779	5,349,916	5,014,158
		<u>67,898,844</u>	<u>62,163,689</u>	<u>60,344,425</u>
Total assets		<u>560,468,834</u>	<u>553,057,650</u>	<u>555,439,679</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	10	(7,371,408)	(9,554,851)	(8,901,173)
Statutory reserve		41,177,521	41,177,521	39,876,386
Voluntary reserve		29,296,785	29,296,785	29,296,785
Other reserve	11	2,483,451	5,069,973	6,137,683
Retained earnings		37,357,461	38,296,270	39,423,044
Total equity attributable to the shareholders of the Parent Company		<u>288,322,169</u>	<u>289,664,057</u>	<u>291,211,084</u>
Non-controlling interests		24,611,834	23,435,358	24,030,754
Total equity		<u>312,934,003</u>	<u>313,099,415</u>	<u>315,241,838</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,215,753	1,094,999	1,056,656
Lease liabilities	5	2,255,950	2,353,486	2,365,153
Financing from third party	12	216,079,940	190,989,602	185,681,299
		<u>219,551,643</u>	<u>194,438,087</u>	<u>189,103,108</u>
Current liabilities				
Payables and other credit balances	13	14,673,814	15,974,376	16,635,582
Financing from third party	12	13,309,374	29,545,772	34,459,151
		<u>27,983,188</u>	<u>45,520,148</u>	<u>51,094,733</u>
Total liabilities		<u>247,534,831</u>	<u>239,958,235</u>	<u>240,197,841</u>
Total equity and liabilities		<u>560,468,834</u>	<u>553,057,650</u>	<u>555,439,679</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 nine months period ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
Revenue					
Rental income from investment properties and revenue from hotel operations	14	7,239,207	7,057,380	22,274,545	21,272,745
Gain on sale of land and properties held for trading		-	-	-	586,393
Operating expenses	14	(2,081,134)	(2,033,704)	(6,509,324)	(5,636,987)
Net income from operating activities		5,158,073	5,023,676	15,765,221	16,222,151
Share of profit/ (loss) from associates	6	1,527,921	(2,602,592)	3,392,616	(654,134)
Net gain on investments	15	839,118	903,361	3,542,112	1,976,216
Loss from foreign currency		(7,668)	24,664	(8,730)	(22,774)
Other income		54,304	30,212	150,829	69,892
Total net income		<u>7,571,748</u>	<u>3,379,321</u>	<u>22,842,048</u>	<u>17,591,351</u>
Expenses and other charges					
Administrative expenses and other charges		788,986	780,876	2,743,343	2,403,175
Provision / (write back) of ECL		212,923	(3,634,018)	608,121	(3,634,018)
Finance cost		2,828,159	1,637,931	8,257,925	4,232,722
Total expenses		<u>3,830,068</u>	<u>(1,215,211)</u>	<u>11,609,389</u>	<u>3,001,879</u>
Net profit for the period before deductions		3,741,680	4,594,532	11,232,659	14,589,472
Kuwait Foundation for the Advancement of Sciences (KFAS)		(22,499)	(8,168)	(38,126)	(66,045)
National Labour Support Tax (NLST)		(73,043)	(102,214)	(253,954)	(332,339)
Zakat Expense		(27,203)	(12,202)	(53,340)	(79,711)
Net profit for the period		<u>3,618,935</u>	<u>4,471,948</u>	<u>10,887,239</u>	<u>14,111,377</u>
Distributed as follows:					
Shareholders of the Parent Company		3,016,706	3,964,072	8,987,391	12,547,956
Non-controlling interests		602,229	507,876	1,899,848	1,563,421
		<u>3,618,935</u>	<u>4,471,948</u>	<u>10,887,239</u>	<u>14,111,377</u>
Basic earnings per share for Parent Company's shareholders (fils)	16	<u>1.70</u>	<u>2.19</u>	<u>5.05</u>	<u>6.92</u>

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 period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Net profit for the period	3,618,935	4,471,948	10,887,239	14,111,377
Other comprehensive loss items:				
<i>Items that may not be reclassified subsequently to the consolidated statement of income:</i>				
Group's share in associates' reserves	149,643	(572,666)	113,048	(463,162)
Change in fair value reserve	(343,014)	(98,747)	(2,211,557)	(142,595)
	<u>(193,371)</u>	<u>(671,413)</u>	<u>(2,098,509)</u>	<u>(605,757)</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation reserve	18,914	30,707	18,447	134,389
Total other comprehensive loss	<u>(174,457)</u>	<u>(640,706)</u>	<u>(2,080,062)</u>	<u>(471,368)</u>
Total comprehensive income for the period	<u>3,444,478</u>	<u>3,831,242</u>	<u>8,807,177</u>	<u>13,640,009</u>
Distributed as follows:				
Shareholders of the Parent Company	2,900,722	3,323,366	6,949,017	12,079,838
Non-controlling interests	543,756	507,876	1,858,160	1,560,171
Total comprehensive income for the period	<u>3,444,478</u>	<u>3,831,242</u>	<u>8,807,177</u>	<u>13,640,009</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 period ended 30 September 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 11)	Retained earnings	Total equity attributable to shareholders of the Parent Company			
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	-	-	-	-	-	-	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 additional shares in a subsidiary	-	-	-	-	-	-	59,081	59,081	(109,210)	(50,129)	
Adjustment of associate	-	-	-	-	-	-	(3,136)	(3,136)	-	(3,136)	
Cash dividends	-	-	-	-	-	-	(8,840,740)	(8,840,740)	-	(8,840,740)	
Cash dividends to non controlling in a subsidiary	-	-	-	-	-	-	-	-	(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	184,069,975	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	
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	-	-	-	-	-	-	8,987,391	8,987,391	1,899,848	10,887,239	
Total comprehensive income for the period	-	-	-	-	-	(2,038,374)	-	(2,038,374)	(41,688)	(2,080,062)	
Sale of investment at FVTOCI	-	-	-	-	-	-	242,400	242,400	-	242,400	
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	(24,456)	(24,456)	-	(24,456)	
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	38,909	38,909	(68,868)	(29,959)	
Cash dividends	-	-	-	-	-	-	(5,204,819)	(5,204,819)	-	(5,204,819)	
In-kind distributions of treasury shares	-	-	5,526,382	-	-	(548,148)	(4,978,234)	-	-	-	
Cash dividends to non controlling in a subsidiary	-	-	-	-	-	-	-	-	(612,816)	(612,816)	
Purchase of treasury shares	-	-	(3,342,939)	-	-	-	-	(3,342,939)	-	(3,342,939)	
Balance as at 30 September 2023	184,069,975	1,308,384	(7,371,408)	41,177,521	29,296,785	2,483,451	37,357,461	288,322,169	24,611,834	312,934,003	

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 period ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the nine months period ended 30 September	
		2023	2022
Operating activities:			
Net profit for the period		10,887,239	14,111,377
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		893,297	883,422
Provisions /(write back)of ECL		608,121	(3,634,018)
Share of (profit)/loss from investments in associates		(3,392,616)	654,134
Net gain on investments	15	(3,542,112)	(1,976,216)
Finance cost		8,257,925	4,232,722
Employees' end of service indemnity provided during the period		173,399	187,529
<i>Operating cash flow before changes in the working capital</i>		<u>13,885,253</u>	<u>14,458,950</u>
Payment for purchase of land and properties held for trading		(37,280)	(357,185)
Receivables and other debit balances		530,787	1,025,530
Payables and other credit balances		(1, 240,038)	(836,876)
Employees' end of service indemnity paid during the period		(52,645)	(84,085)
Net cash generated from operating activities		<u>13,086,077</u>	<u>14,206,334</u>
Investing activities:			
Payment for purchase of investment property	5	(126,807)	(425,390)
Payment for purchase of property, plant and equipment		(550,076)	(244,555)
Advance payment for purchase investment		(4,245,725)	-
Payment to acquire shares in associate		(167,691)	(151,230)
Payment to acquire investment at FVTCI		(1,970,521)	(1,262,127)
Proceed from sale investment at FVTCI		366,277	-
Payment to acquire of investment at FVTOCI		(3,183,196)	(22,318,968)
Proceeds from sale of investments at FVTOCI		238,344	1,162,931
Paid to acquire additional shares in a subsidiary		(29,958)	(50,129)
Dividend received from associates	6	2,508,198	2,265,655
Dividend received from investment		2,841,560	1,742,465
Deposits with financial institution		(1,139,600)	(1,336,000)
Net cash used in investing activities		<u>(5,459,195)</u>	<u>(20,617,348)</u>
FINANCING ACTIVITIES:			
Net financing from third party		8,853,940	15,930,513
Finance charges paid		(8,279,280)	(3,781,649)
Dividend paid		(5,254,845)	(8,746,956)
Payment for buy-back of treasury shares		(3,342,939)	(2,147,011)
Proceeds from sale of treasury shares		-	51,014
Paid for the right to use leased property		(86,679)	(86,679)
Dividend paid for non-controlling interest in subsidiaries		(612,816)	(454,494)
Net cash (used in) / generated from financing activities		<u>(8,722,619)</u>	<u>764,738</u>
Net decrease in cash and cash equivalents		(1,095,737)	(5,646,276)
Cash and cash equivalents at the beginning of the period		<u>5,349,916</u>	<u>9,024,434</u>
Cash and cash equivalents at the end of the period	9	<u>4,254,179</u>	<u>3,378,158</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 period ended 30 September 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		
			30 September 2023	31 December 2022 (audited)	30 September 2022
Al Mutajara Real Estate Company K.S.C.C.	Real estate	Kuwait	77.88 %	77.77 %	%77.77
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 13 November 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 nine-month period ended 30 September 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:

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.

Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023 (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 2023	31 December 2022	30 September 2022				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	755,416	464,935	485,507	Level 1	Last bid price	N/A	N/A
Private equity	54,057,345	55,250,956	53,806,338	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	3,396,388	1,759,963	1,694,589	Level 2	NAV	NAV	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at fair value – statement of income:							
Quoted shares	1,000,163	992,417	1,008,245	Level 1	Last bid price	N/A	N/A
Private equity	34,778,236	32,679,896	31,031,700	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, there is no transfer between categories as of 30 September 2023.

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 nine months period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investment properties

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Balance at beginning of the period/ year	370,673,658	373,878,195	373,878,195
Additions	126,807	297,477	425,390
Change in fair value	-	(3,502,014)	-
Balance at end of the period/year	<u>370,800,465</u>	<u>370,673,658</u>	<u>374,303,585</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:

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
<u>Lease liabilities (non-current)</u>			
Amounts due after 12 months	2,255,950	2,353,486	2,365,153
<u>Lease liabilities (current)</u>			
Amounts due within 12 months	110,684	91,001	104,932
	<u>2,366,634</u>	<u>2,444,487</u>	<u>2,470,085</u>

6. Investments in associates

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 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	167,691	152,854	151,230
Group's share in a associates results	3,392,616	(2,231,348)	(654,134)
Group's share in a associates reserves	113,048	(1,094,853)	(463,162)
Losses of sale investments at FVTOCI	(24,456)	(13,021)	(13,021)
Translation of foreign currencies	18,447	254,169	134,389
Reversal of Impairment in associate	-	3,634,018	3,634,018
Adjustment of associates financials	-	(3,136)	(3,136)
Share of other reserves in associates	-	251,733	-
Cash dividends	(2,508,198)	(1,168,685)	(1,168,685)
	<u>41,909,724</u>	<u>40,750,576</u>	<u>42,586,344</u>

7. Lands and properties held for trading

Lands and properties held for trading includes lands in Kingdom of Bahrain amounted to KD 4,536,497 (KD 4,536,497 - 2022) registered in the name of a related party, and there is a concession in favor of the parent company.

8. Receivables and other debit balances

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Trade receivables	5,298,244	5,854,405	8,210,654
Due from related parties (Note 17)	272,400	-	909
Provision for impairment	(4,242,231)	(3,634,110)	(5,942,429)
	<u>1,328,413</u>	<u>2,220,295</u>	<u>2,269,134</u>
Prepaid expenses	158,730	172,733	244,181
Advance payments for acquisition of investments	4,513,975	66,250	-
Refundable deposits	339,716	339,091	339,091
Advances to contractors and suppliers	348,649	524,793	467,366
Other debit balances	<u>3,232,040</u>	<u>3,050,435</u>	<u>2,951,990</u>
	8,593,110	4,153,302	4,002,628
Provisions	(238,274)	(238,274)	-
	<u>8,354,836</u>	<u>3,915,028</u>	<u>4,002,628</u>
	<u>9,683,249</u>	<u>6,135,323</u>	<u>6,271,762</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses is as follows:

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Balance at beginning of the period/year	3,634,110	5,942,429	5,942,429
Provision created during the period/year	608,121	15,944	-
Reversal of provision for doubtful debts	-	(87,213)	-
Bad debts	-	(2,237,050)	-
Balance at end of the period/year	<u>4,242,231</u>	<u>3,634,110</u>	<u>5,942,429</u>

9. Cash and cash equivalents

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Cash in hand	6,081	5,580	5,314
Cash at banks and financial institutions	2,008,098	2,465,432	3,072,844
Deposits with financial institution	3,379,600	2,878,904	1,936,000
	5,393,779	5,349,916	5,014,158
Less: deposits with financial institution more than 3 months	(1,139,600)	-	(1,636,000)
Cash and cash equivalent for cash flow	<u>4,254,179</u>	<u>5,349,916</u>	<u>3,378,158</u>

10. Treasury shares

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Number of shares (No's)	74,790,376	93,381,034	86,766,902
Percentage of issued shares (%)	4.06	5.07	4.71
Market value	7,329,457	9,039,284	8,685,367
Cost	7,371,408	9,554,851	8,901,173

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.

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 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)
Profit from sale 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>
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	(2,164,500)	107,679	18,447	-	-	(2,038,374)
Profit from sale treasury shares	-	-	-	-	(548,148)	(548,148)
As at 30 September 2023	<u>(5,281,245)</u>	<u>1,472,889</u>	<u>510,575</u>	<u>5,547,886</u>	<u>233,346</u>	<u>2,483,451</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

12. Financing from third party

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Finance from third party – current portion	13,309,374	29,545,772	34,459,151
Finance from third party – non current portion	216,079,940	190,989,602	185,681,299
	<u>229,389,314</u>	<u>220,535,374</u>	<u>220,140,450</u>
Cost rate (%)	5-5.4	3.5-4.6	2.5-4.0

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

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Property, plant and equipment	19,939,895	20,187,908	20,356,797
Investment property	284,332,368	284,317,880	283,487,135

13. Payables and other credit balances

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Trade payables	647,020	687,883	686,324
Due to related parties (Note 17)	91,945	88,555	88,564
Retentions	920,187	920,187	916,440
Accrued expense	2,071,535	2,677,505	2,755,565
Revenues received in advance	651,577	547,444	585,006
Deposits from others	3,651,221	3,601,803	3,555,136
Kuwait Foundation for the Advancement of Science (KFAS)	38,126	261,902	250,939
National Labour Support Tax (NLST)	253,954	277,854	332,339
Zakat payable	53,340	72,799	79,711
Dividends payable to shareholders	322,842	372,868	451,510
Other credit balances*	5,972,067	6,465,576	6,934,048
	<u>14,673,814</u>	<u>15,974,376</u>	<u>16,635,582</u>

* Other credit balances include lease liabilities of KD 110,684 due within 12 months.

14. Net income from operating activities

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Revenues				
Real estate rental income	6,603,617	6,400,080	19,811,870	19,389,207
Revenues from hotel operation	635,590	657,300	2,462,675	1,883,538
	<u>7,239,207</u>	<u>7,057,380</u>	<u>22,274,545</u>	<u>21,272,745</u>
Gain on sale of land and properties held for trading	-	-	-	586,393
	<u>7,239,207</u>	<u>7,057,380</u>	<u>22,274,545</u>	<u>21,859,138</u>
Expenses				
Operating expenses	(1,376,737)	(1,335,643)	(4,193,526)	(3,706,611)
Hotel and hospitality expenses	(704,397)	(698,061)	(2,315,798)	(1,930,376)
Net income from operating activities	<u>(2,081,134)</u>	<u>(2,033,704)</u>	<u>(6,509,324)</u>	<u>(5,636,987)</u>
	<u>5,158,073</u>	<u>5,023,676</u>	<u>15,765,221</u>	<u>16,222,151</u>

Hotel and hospitality expenses include an amount of KD 640,481 (KD 654,679 - 2022) 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 period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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.

15. Net gain on investments

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Investment at FVOCI				
Cash dividends	789,069	673,497	2,431,850	1,735,062
	<u>789,069</u>	<u>673,497</u>	<u>2,431,850</u>	<u>1,735,062</u>
Investments at fair value through profit or loss				
Change in fair value	50,049	15,828	535,684	26,908
Selling losses	-	-	(33,842)	-
Cash dividends	-	214,036	608,420	214,246
	<u>50,049</u>	<u>229,864</u>	<u>1,110,262</u>	<u>241,154</u>
	<u>839,118</u>	<u>903,361</u>	<u>3,542,112</u>	<u>1,976,216</u>

16. 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 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Net profit for the period (KD)	3,016,706	3,964,072	8,987,391	12,547,956
Weighted average number of outstanding shares (share)	<u>1,771,119,614</u>	<u>1,807,265,770</u>	<u>1,780,194,431</u>	<u>1,814,182,788</u>
Basic earnings per shares (fils)	<u>1.7</u>	<u>2.19</u>	<u>5.05</u>	<u>6.92</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 20).

17. 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	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Key management benefits	185,528	188,829	549,587	583,329
Operating revenue	19,991	18,847	58,030	56,920
Investment in fair value through other profit or loss	-	-	242,400	-
Operating expenses and other charges	70,765	60,480	324,426	253,705
Property, plant and equipment	9,308	38,784	57,351	45,433
Advance payment for acquisition of Investments	-	338,687	64,468	935,860

Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Balances			
Receivables and other debit balances	272,400	-	909
Payables and other credit balances	91,945	88,555	88,564
Balances due to key management	324,692	634,923	361,407
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.			
18. Capital commitments and contingent liabilities			
	30 September 2023 (unaudited)	31 December 2022 (audited)	30 September 2022 (unaudited)
Capital commitments			
Uncalled capital – investments	934,960	1,706,550	1,723,544
Contract for projects and investment properties under development	2,095,682	1,847,283	1,838,813
	<u>3,030,642</u>	<u>3,553,833</u>	<u>3,562,357</u>
Contingent liabilities			
Letters of guarantee	3,960,488	4,160,488	3,759,338

Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. 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 nine months period ended 30 September 2023			For the nine months period ended 30 September 2022				
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	19,811,870	2,462,675	6,934,728	29,209,273	20,004,207	1,883,538	4,956,100	26,843,845
Direct cost	(5,600,247)	(2,396,320)	(478,145)	(8,474,712)	(4,447,246)	(1,930,376)	(200,690)	(6,578,312)
Gross profit / (loss)	14,211,623	66,355	6,456,583	20,734,561	15,556,961	(46,838)	4,755,410	20,265,533
Unallocated costs				(9,847,322)				(6,154,156)
Net profit for the period				10,887,239				14,111,377

Geographic distribution:

A- Assets and liabilities

	Assets			Liabilities		
	30 September 2023	31 December 2022	30 September 2022	30 September 2023	31 December 2022	30 September 2022
State of Kuwait	418,766,243	417,628,851	422,693,956	242,561,730	234,319,570	234,531,825
Gulf countries	62,923,626	63,514,477	62,828,984	4,973,101	5,638,665	5,666,016
Other	78,778,965	71,914,322	69,916,739	-	-	-
	560,468,834	553,057,650	555,439,679	247,534,831	239,958,235	240,197,841

B- Statement of income

	For the nine months period ended 30 September 2023			For the nine months period ended 30 September 2022				
	State of Kuwait	Gulf countries	Other	Total	State of Kuwait	Gulf countries	Other	Total
Total income	19,481,029	841,299	2,519,720	22,842,048	15,652,970	231,693	1,706,688	17,591,351
Total expenses	(11,290,030)	(659,149)	(5,630)	(11,954,809)	(3,106,786)	(373,188)	-	(3,479,974)
Net profit	8,190,999	182,150	2,514,090	10,887,239	12,546,184	(141,495)	1,706,688	14,111,377

**Notes to the Interim Condensed Consolidated Financial Information for the nine months period ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

20. 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: 31 December 2021).