



**Grant Thornton**

Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

**Kuwait Real Estate Company – KPSC and Subsidiaries**

**Kuwait**

31 March 2023 (Unaudited)

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## Report on review of interim condensed consolidated financial information

To the board of directors of  
Kuwait Real Estate Company – KPSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Real Estate Company - KPSC ("the Parent Company") and its subsidiaries ("the Group") as of 31 March 2023 and the related interim condensed consolidated statements of profit or loss and profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 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 34, "Interim Financial Reporting".

### **Report on review of 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, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority and its relevant regulations have occurred during the three-month period ended 31 March 2023 that might have had a material effect on the business or financial position of the Parent Company.



Hend Abdullah Al Surayea  
(Licence No. 141-A)  
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait  
8 May 2023

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
<b>Income</b>			
Real estate rental income		7,358,718	7,346,331
Real estate operating expenses		(1,572,640)	(1,645,588)
Net rental income		5,786,078	5,700,743
Change in fair value of investment properties	10	(1,945,923)	(1,881,510)
Gain / (loss) on sale of investment properties		4,413,043	(27,390)
Change in fair value of financial assets at FVTPL		(44,941)	(469)
Gain on sale of financial assets at FVTPL		-	10,230
Dividend income		38,169	48,337
Share of results of associates		48,007	280,368
Other income		40,616	213,988
		8,335,049	4,344,297
<b>Expenses and other charges</b>			
General and administrative expenses		(888,752)	(703,797)
Finance costs		(2,472,882)	(1,417,234)
		(3,361,634)	(2,121,031)
<b>Profit for the period before provisions for National Labour Support Tax (NLST) and Zakat</b>		<b>4,973,415</b>	<b>2,223,266</b>
NLST		(120,955)	(52,042)
Zakat		(59,598)	(31,419)
<b>Profit for the period</b>		<b>4,792,862</b>	<b>2,139,805</b>
<b>Attributable to:</b>			
Owners of the Parent Company		4,668,878	2,008,824
Non-controlling interests		123,984	130,981
<b>Profit for the period</b>		<b>4,792,862</b>	<b>2,139,805</b>
<b>Basic and diluted earnings per share (Fils)</b>	5	<b>5.10</b>	<b>2.21</b>

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.


## Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
<b>Profit for the period</b>	<b>4,792,862</b>	<b>2,139,805</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Change in fair value of financial assets at fair value through other comprehensive income	(319,786)	(1,780)
<i>Items that will be reclassified subsequently to the consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	171,717	62,069
<b>Total other comprehensive (loss) / income</b>	<b>(148,069)</b>	<b>60,289</b>
<b>Total comprehensive income for the period</b>	<b>4,644,793</b>	<b>2,200,094</b>
<b>Attributable to:</b>		
Owners of the Parent Company	4,520,809	2,069,113
Non-controlling interests	123,984	130,981
<b>Total comprehensive income for the period</b>	<b>4,644,793</b>	<b>2,200,094</b>

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	6	12,808,925	8,606,784	12,120,489
Financial assets at FVTPL	7	6,810,255	6,817,273	6,958,546
Accounts receivable and other assets	8	15,448,361	9,032,765	8,145,471
Due from related parties	15	13,742,652	12,709,129	9,244,923
Trading properties		8,151,197	8,151,197	8,727,651
Investment in associates		11,756,398	11,708,391	8,257,510
Financial assets at FVTOCI	9	37,436,187	35,628,130	37,439,366
Capital work in progress		1,322,942	131,015	3,073,076
Properties under development		5,243,969	4,879,134	2,210,475
Investment properties	10	254,192,070	262,055,667	259,606,442
Property and equipment		950,934	812,309	47,463
<b>Total assets</b>		<b>367,863,890</b>	<b>360,531,794</b>	<b>355,831,412</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Due to banks		564,840	3,093,100	4,145,974
Accounts payable and other liabilities		23,372,734	20,360,760	19,210,196
Lease liabilities	11	10,965,864	15,643,979	21,046,248
Borrowings	12	188,774,485	180,264,916	169,402,018
Due to related parties	15	8,162,916	7,937,827	7,498,425
Provision for employees' end of service benefits		1,187,486	1,192,624	1,114,292
<b>Total liabilities</b>		<b>233,028,325</b>	<b>228,493,206</b>	<b>222,417,153</b>
<b>Equity</b>				
Share capital		94,736,506	94,736,506	94,736,506
Share premium		3,425,191	3,425,191	3,425,191
Treasury shares	13	(4,888,022)	(3,214,552)	(7,396,893)
Statutory and voluntary reserves		24,485,387	24,485,387	22,964,407
Other components of equity	14	(19,354,675)	(19,147,172)	(15,449,194)
Retained earnings		31,943,009	27,389,043	30,834,703
<b>Equity attributable to the owners of the Parent Company</b>		<b>130,347,396</b>	<b>127,674,403</b>	<b>129,114,720</b>
Non-controlling interests		4,488,169	4,364,185	4,299,539
<b>Total equity</b>		<b>134,835,565</b>	<b>132,038,588</b>	<b>133,414,259</b>
<b>Total liabilities and equity</b>		<b>367,863,890</b>	<b>360,531,794</b>	<b>355,831,412</b>

  
 Talal Jassim Al-Bahar  
 Vice Chairman and Chief Executive Officer

*The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the Parent Company						Non- controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity (Note 14) KD	Retained earnings KD		
Balance at 1 January 2023 (audited)	94,736,506	3,425,191	(3,214,552)	24,485,387	(19,147,172)	27,389,043	4,364,185	132,038,588
Purchase of treasury shares	-	-	(7,052,446)	-	-	-	-	(7,052,446)
Sale of treasury shares	-	-	5,378,976	-	(174,346)	-	-	5,204,630
Total transactions with the owners	-	-	(1,673,470)	-	(174,346)	-	-	(1,847,816)
Profit for the period	-	-	-	-	-	4,668,878	123,984	4,792,862
Other comprehensive loss for the period	-	-	-	-	(148,069)	-	-	(148,069)
Total comprehensive (loss)/income for the period	-	-	-	-	(148,069)	4,668,878	123,984	4,644,793
Loss on sale of financial assets at FVTOCI	-	-	-	-	114,912	(114,912)	-	-
Balance at 31 March 2023 (unaudited)	94,736,506	3,425,191	(4,888,022)	24,485,387	(19,354,675)	31,943,009	4,488,169	134,835,565

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of changes in equity (Unaudited) (Continued)

	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity (Note 14) KD	Retained earnings KD	Sub-total KD	
<b>Balance at 1 January 2022 (audited)</b>	94,736,506	3,425,191	(5,735,769)	22,964,407	(15,855,824)	28,874,724	128,409,235	132,579,578
Gain on acquiring additional interest in subsidiary	-	-	-	-	-	1,361	1,361	(424)
Purchase of treasury shares	-	-	(5,758,712)	-	-	-	(5,758,712)	(5,758,712)
Sale of treasury shares	-	-	4,097,588	-	296,135	-	4,393,723	4,393,723
Total transactions with the owners	-	-	(1,661,124)	-	296,135	1,361	(1,363,628)	(1,365,413)
Profit for the period	-	-	-	-	-	2,008,824	2,008,824	2,139,805
Other comprehensive income for the period	-	-	-	-	60,289	-	60,289	60,289
Total comprehensive income for the period	-	-	-	-	60,289	2,008,824	2,069,113	2,200,094
Gain on sale of financial assets at FVTOCI	-	-	-	-	50,206	(50,206)	-	-
<b>Balance at 31 March 2022 (unaudited)</b>	94,736,506	3,425,191	(7,396,893)	22,964,407	(15,449,194)	30,834,703	129,114,720	133,414,259

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Notes	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		4,792,862	2,139,805
Adjustments:			
Depreciation		32,965	5,454
Finance costs		2,472,882	1,417,234
Change in fair value of investments at FVTPL		44,941	469
Gain on sale of financial assets at FVTPL		-	(10,230)
Change in fair value of investment properties	10	1,945,923	1,881,510
(Gain) / loss on sale of investment properties		(4,413,043)	27,390
Share of results of associates		(48,007)	(280,368)
Dividend income		(38,169)	(48,337)
Provision charge for employees' end of service benefits		1,792	50,885
		4,792,146	5,183,812
Changes in operating assets and liabilities:			
Due from related parties		(1,033,523)	2,888,998
Accounts receivable and other assets		(596,377)	(922,304)
Due to related parties		225,089	(3,119,162)
Accounts payable and other liabilities		2,959,472	720,574
Employees' end of service benefits paid		(6,930)	(1,743)
<b>Net cash from operating activities</b>		<b>6,339,877</b>	<b>4,750,175</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(171,590)	(8,735)
Additions to capital work in progress		(1,191,927)	(1,240,655)
Additions to properties under development		(329,342)	-
Purchase of financial assets at FVTOCI		(6,397,159)	(5,297,566)
Proceeds from sale of financial assets at FVTOCI		4,368,714	4,430,007
Purchase of financial assets at FVTPL		(37,923)	(67,294)
Proceeds from sale of investments at FVTPL		-	258,435
Additions to investment properties		(566,239)	(19,484,439)
Proceeds from sale of investment properties		5,077,737	-
Dividends income received		38,169	48,337
Term deposits maturing after three months		-	5,138
<b>Net cash from / (used in) investing activities</b>		<b>790,440</b>	<b>(21,356,772)</b>
<b>FINANCING ACTIVITIES</b>			
Net change in borrowings		8,467,738	22,641,346
Finance costs paid		(2,282,400)	(1,090,982)
Lease liabilities paid		(4,812,000)	(6,057,409)
Dividends paid		(4,095)	-
Net movement in treasury shares		(1,673,470)	(1,661,124)
<b>Net cash (used in) / from financing activities</b>		<b>(304,227)</b>	<b>13,831,831</b>
Net increase / (decrease) in cash and cash equivalents		6,826,090	(2,774,766)
Foreign exchange differences		(95,689)	23,485
Cash and cash equivalents at the beginning of the period	6	4,427,553	9,196,630
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>11,157,954</b>	<b>6,445,349</b>
<b>Material non-cash transactions:</b>			
Decrease in advance payments to purchase investments		-	(17,230,565)
Increase in investment properties		-	15,328,225
Increase in due from related parties		-	1,902,340

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities of the Parent Company

Kuwait Real Estate Company – KPSC (the “Parent Company”) was incorporated in 1972 as a Kuwaiti Public Shareholding Company in accordance with the provisions of the Commercial Companies Law in the State of Kuwait.

The Parent Company’s shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (together referred as “the Group”).

The main activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies’ shares or projects similar to the Company’s objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others’ properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate work for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the Company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the Company’s objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the Company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the Company’s real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the Company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by "Building, Operation & Transfer" (BOT) system and manage the real estate utilities by BOT system.

## Notes to the interim condensed consolidated financial information (continued)

### 1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is P.O.Box 1257, Safat 13013, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2023 was authorised for issue by the Parent Company's board of directors on 8 May 2023.

### 2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2023 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the changes described in note 3.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinar which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2022.

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. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2022.

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies

#### 3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

#### IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

#### IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

#### 3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Classification of current and non-current	1 January 2024
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments- Leases	1 January 2024

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

#### 3.2 IASB Standards issued but not yet effective (continued)

##### IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's financial statements.

##### IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's financial statements.

##### IAS 16 Amendments – Leases

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's financial statements.

### 4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2022.



## Notes to the interim condensed consolidated financial information (continued)

### 5 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by weighted average number of shares outstanding during the period excluding treasury shares as follows:

	Three months ended 31 March 2023 (Unaudited)	Three months ended 31 March 2022 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	4,668,878	2,008,824
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	916,290,291	908,269,960
Basic and diluted earnings per share (Fils)	5.10	2.21

### 6 Cash and cash equivalents

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Cash and bank balances	11,624,030	7,414,147	10,582,574
Cash in investment portfolios managed by others	139,997	147,739	91,351
Term deposits	1,044,898	1,044,898	1,446,564
<b>Cash and cash equivalents</b>	<b>12,808,925</b>	<b>8,606,784</b>	<b>12,120,489</b>
Less:			
Due to bank	(564,840)	(3,093,100)	(4,145,974)
Restricted bank balances	(41,233)	(41,233)	(82,602)
Term deposits with original maturity exceeding three months	(1,044,898)	(1,044,898)	(1,446,564)
<b>Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows</b>	<b>11,157,954</b>	<b>4,427,553</b>	<b>6,445,349</b>

### 7 Financial assets at fair value through profit or loss

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Local quoted securities	95,423	103,096	153,712
Local unquoted securities	81,899	81,895	195,511
Foreign unquoted securities	2,736	2,271	2,747
Debt instruments	6,612,173	6,612,173	6,589,043
Managed funds	18,024	17,838	17,533
	<b>6,810,255</b>	<b>6,817,273</b>	<b>6,958,546</b>

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2022 and 31 March 2022: 9%).

The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in Note 18.2.

## Notes to the interim condensed consolidated financial information (continued)

### 8 Accounts receivable and other assets

	31 Mar. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 Mar. 2022 (Unaudited) KD
<b>Financial assets</b>			
Accounts receivable	9,488,184	7,628,617	8,919,961
Refundable deposits	524,073	529,068	470,097
Due on sale of investment properties	7,660,911	1,975,990	903,397
Other assets	1,332,229	2,396,194	1,461,044
	<b>19,005,397</b>	<b>12,529,869</b>	<b>11,754,499</b>
Provision for doubtful debts	(5,675,757)	(5,675,757)	(4,885,037)
	<b>13,329,640</b>	<b>6,854,112</b>	<b>6,869,462</b>
<b>Non-financial assets</b>			
Advances to contractors and suppliers	1,892,578	1,544,843	868,073
Other assets	226,143	633,810	407,936
	<b>2,118,721</b>	<b>2,178,653</b>	<b>1,276,009</b>
	<b>15,448,361</b>	<b>9,032,765</b>	<b>8,145,471</b>

The carrying values of the financial assets included above approximate their fair values and all are due within one year.

### 9 Financial assets at fair value through other comprehensive income

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Local quoted securities	6,534,596	6,982,493	9,694,680
Local unquoted securities	4,011,536	4,006,096	4,924,225
Foreign unquoted securities	15,701,826	13,597,189	12,780,064
Debt instruments	6,224,474	6,207,751	5,764,322
Managed funds	4,963,755	4,834,601	4,276,075
	<b>37,436,187</b>	<b>35,628,130</b>	<b>37,439,366</b>

These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run. The above financial assets represent investment in various business sectors as follows:

Quoted securities with an aggregate carrying value of KD4,764,890 (31 December 2022: KD4,915,041 and 31 March 2022: KD Nil) are pledged against borrowings (notes 12).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 18.2.



## Notes to the interim condensed consolidated financial information (continued)

### 10 Investment properties

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
<b><i>Owned properties</i></b>			
Balance at the beginning of the period/year	245,118,001	202,375,920	202,375,920
Additions during the period/year	566,239	44,275,955	34,812,664
Disposals during the period/year	(6,483,913)	(3,465,320)	(164,340)
Change in fair value for the period/year	-	1,931,446	-
Balance at the end of the period/year	239,200,327	245,118,001	237,024,244
<b><i>Leased properties</i></b>			
Balance at the beginning of the period/year	16,937,666	24,463,708	24,463,708
Change in fair value for the period/year	(1,945,923)	(7,526,042)	(1,881,510)
Balance at the end of the period/year	14,991,743	16,937,666	22,582,198
<b>Total balance at the end of the period/year</b>	<b>254,192,070</b>	<b>262,055,667</b>	<b>259,606,442</b>

10.1 The Group's investment properties are located as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Kuwait	181,955,465	183,897,700	192,949,380
UAE	70,748,338	76,669,700	65,185,034
Other MENA countries	1,488,267	1,488,267	1,472,028
	<b>254,192,070</b>	<b>262,055,667</b>	<b>259,606,442</b>

10.2 Investment properties with an aggregate carrying value of KD209,266,190 (31 December 2022: KD216,766,190 and 31 March 2022: KD204,749,732) are pledged against borrowings and balances due to banks (Note 12).

10.3 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department.

### 11 Lease liabilities

The Group has leases for the properties under the BOT contracts signed with the Ministry of Finance - State Properties department. Following is the movement for the lease liabilities during the period:

	Period ended 31 March 2023 KD	Year ended 31 Dec. 2022 KD	Period ended 31 March 2022 KD
Balance at the beginning of the period/year	15,643,979	26,906,229	26,906,229
Finance costs charged for the period/year	133,885	705,960	197,428
Settled during the period/year	(4,812,000)	(11,968,210)	(6,057,409)
<b>Balance at the end of the period/year</b>	<b>10,965,864</b>	<b>15,643,979</b>	<b>21,046,248</b>

## Notes to the interim condensed consolidated financial information (continued)

### 11 Lease liabilities (continued)

Future minimum lease payments are as follows:

	Minimum lease payments due		Total
	One Year KD	1 - 5 Years KD	KD
<b>31 March 2023:</b>			
Lease payments	8,232,000	3,431,005	11,663,005
Finance charges	(382,527)	(314,614)	(697,141)
Net present values	7,849,473	3,116,391	10,965,864
<b>31 December 2022:</b>			
Lease payments	8,232,000	8,243,005	16,475,005
Finance charges	(448,309)	(382,717)	(831,026)
Net present values	7,783,691	7,860,288	15,643,979
<b>31 March 2022:</b>			
Lease payments	7,113,802	15,272,003	22,385,805
Finance charges	(642,415)	(697,142)	(1,339,557)
Net present values	6,471,387	14,574,861	21,046,248

### 12 Borrowings

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Murabaha payable (i)	157,171,476	147,224,568	137,182,089
Tawarruq payable	-	-	8,301,741
Term loans (ii)	31,603,009	33,040,348	23,918,188
Total	188,774,485	180,264,916	169,402,018
Borrowings in KD	157,171,476	147,224,568	145,483,830
Borrowings in other currencies	31,603,009	33,040,348	23,918,188
Total	188,774,485	180,264,916	169,402,018

The borrowings are due for repayment as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Within one year	4,271,169	5,064,136	5,720,470
Over one year	184,503,316	175,200,780	163,681,548
	188,774,485	180,264,916	169,402,018

## Notes to the interim condensed consolidated financial information (continued)

### 12 Borrowings (continued)

- i) Murabaha payable represents Islamic financing obtained in Kuwaiti Dinar from local Islamic banks. Murabaha payable carry an annual profit rate of 0.75% - 1% (31 December 2022: 1% and 31 March 2022: 1% - 1.5%) over CBK discount rate and repayable in different unequal instalments ending on 15 April 2030.
- ii) Term loans represent the following:
  - Outstanding term loan of KD11,483,482 obtained in AED and USD from a foreign bank, carrying an annual interest rate of 3% - 3.5% (31 December 2022 3% - 3.5% and 31 March 2022: 3.5%) over EIBOR and repayable in semi-annual various instalments ending on 15 November 2030.
  - Outstanding term loan denominated in USD obtained from a related party amounting to KD1,853,631, carrying an annual interest rate of 6.5% (31 December 2022: 6.5% and 31 March 2022: 6.5%) and repayable in semi-annual instalments ending on 30 June 2024.
  - Outstanding term loan in AED equivalent to KD18,265,896 from a foreign bank, carrying an annual interest rate of 2.75% (31 December 2022 and 31 March 2022: 2.75%) over EIBOR and repayable in semi-annual various instalments ending on 30 June 2030.

Borrowings are secured by pledge of Group's investment in certain subsidiaries, financial assets at FVTOCI, investment properties and trading properties (Notes 9 and 10).

### 13 Treasury shares

	31 March 2023 (Unaudited)	31 Dec. 2022 (Audited)	31 March 2022 (Unaudited)
Number of treasury shares	44,277,922	28,011,397	43,015,973
Percentage of ownership	4.67%	2.96%	4.54%
Market value (KD)	4,737,737	2,997,219	6,839,540
Cost (KD)	4,888,022	3,214,552	7,396,893

Reserves of the Parent Company equivalent to the cost of the treasury shares held are not available for distribution.

### 14 Other components of equity

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2023	6,092,275	(29,648)	(25,209,799)	(19,147,172)
Loss on sale of treasury shares	(174,346)	-	-	(174,346)
Loss on sale of financial assets at FVTOCI	-	-	114,912	114,912
Other comprehensive income:				
Change in fair value of financial assets at FVTOCI	-	-	(319,786)	(319,786)
Currency translation differences	-	171,717	-	171,717
Balances at 31 March 2023 (Unaudited)	5,917,929	142,069	(25,414,673)	(19,354,675)

## Notes to the interim condensed consolidated financial information (continued)

### 14 Other components of equity (continued)

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
<b>Balances at 1 January 2022</b>	7,237,493	(509,017)	(22,584,300)	(15,855,824)
Gain on sale of treasury shares	296,135	-	-	296,135
Gain on sale of financial assets at FVTOCI	-	-	50,206	50,206
<i>Other comprehensive income:</i>				
Change in fair value of financial assets at FVTOCI	-	-	(1,780)	(1,780)
Currency translation differences	-	62,069	-	62,069
<b>Balances at 31 March 2022 (Unaudited)</b>	<b>7,533,628</b>	<b>(446,948)</b>	<b>(22,535,874)</b>	<b>(15,449,194)</b>

### 15 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company management.

Details of significant related party transactions and balances are as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
<b>Balances included in interim condensed consolidated statement of financial position:</b>			
Due from related parties	13,742,652	12,709,129	9,244,923
Accounts receivable and other assets	58,001	30,043	135,518
Due to related parties	8,162,916	7,937,827	7,498,425
Purchase of investment in associate	-	559,711	-
Purchase of investment properties	-	33,919,943	33,485,832
Borrowings (note 12)	1,853,631	1,853,631	1,833,660

Financial assets at fair value through other comprehensive income amounting to KD987,157 (31 December 2022: KD1,062,899 and 31 March 2022: KD1,438,074) and financial assets at fair value through profit or loss amounting to KD78,951 (31 December 2022: KD76,512 and 31 March 2022: KD126,863) are managed by a related party.

## Notes to the interim condensed consolidated financial information (continued)

### 15 Related party transactions (continued)

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
<b>Interim condensed consolidated statement of profit or loss:</b>		
Real estate rental income	716,541	735,743
Real estate operating expenses	166,897	204,743
Loss on sale of investment properties	-	(27,390)
General and administrative expenses	98,492	95,992
Finance costs	30,122	29,797
<b>Key management compensation:</b>		
Salaries and short-term benefits	71,410	71,410
Employees' end of service benefits	1,375	1,375

### 16 Segmental analysis

The Group operates in real estate and investment segments. The segmental analysis of the total income and net profit for the business segments are as follows:

	Real estate KD	Investment KD	Not allocated KD	Total KD
<b>31 March 2023</b>				
Total income	8,253,198	41,235	40,616	8,335,049
Profit/(loss) for the period	5,780,316	41,235	(1,028,689)	4,792,862
<b>Total assets</b>	<b>310,910,116</b>	<b>56,002,840</b>	<b>950,934</b>	<b>367,863,890</b>
<b>Total liabilities</b>	<b>209,685,793</b>	<b>23,339,453</b>	<b>3,079</b>	<b>233,028,325</b>
<b>Net assets</b>	<b>101,224,323</b>	<b>32,663,387</b>	<b>947,855</b>	<b>134,835,565</b>
<b>31 March 2022</b>				
Total income	3,819,232	311,076	213,989	4,344,297
Profit/(loss) for the period	2,401,998	311,076	(573,269)	2,139,805
<b>Total assets</b>	<b>273,617,644</b>	<b>52,655,423</b>	<b>29,558,345</b>	<b>355,831,412</b>
<b>Total liabilities</b>	<b>176,240,875</b>	<b>20,332,997</b>	<b>25,843,281</b>	<b>222,417,153</b>
<b>Net assets</b>	<b>97,376,769</b>	<b>32,322,426</b>	<b>3,715,064</b>	<b>133,414,259</b>

## Notes to the interim condensed consolidated financial information (continued)

### 17 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 16 April 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the board of directors' proposal to distribute cash dividends of 3 Fils (2021: 3 Fils) per share and 3% (2021: 3%) bonus shares for the shareholders of the Parent Company by distributing 3 treasury shares for each 100 shares without an increase in share capital or increase in number of issued shares for the year ended 31 December 2022. Furthermore, the General Assembly approved the board of directors' proposal to distribute directors' remuneration of KD40,000 for the year then ended (2021: KD40,000).

### 18 Fair value measurement

#### 18.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 18.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
<b>Financial assets:</b>			
<b>At amortised cost:</b>			
Due from related parties	13,742,652	12,709,129	9,244,923
Accounts receivable and other assets	13,396,648	6,854,112	7,935,245
Cash and cash equivalents	12,808,925	8,606,784	12,120,489
<b>At fair value:</b>			
Financial assets at FVTPL	6,810,255	6,817,273	6,958,546
Financial assets at FVTOCI	37,436,187	35,628,130	37,439,366
	<b>84,194,667</b>	<b>70,615,428</b>	<b>73,698,569</b>
<b>Financial liabilities:</b>			
<b>At amortised cost</b>			
Due to bank	564,840	3,093,100	4,145,974
Accounts payable and other liabilities	23,372,734	20,360,760	19,210,196
Lease liabilities	10,965,864	15,643,979	21,046,248
Borrowings	188,774,485	180,264,916	169,402,018
Due to related parties	8,162,916	7,937,827	7,498,425
Provision for employees' end of service benefits	1,187,486	1,192,624	1,114,292
	<b>233,028,325</b>	<b>228,493,206</b>	<b>222,417,153</b>



## Notes to the interim condensed consolidated financial information (continued)

### 18 Fair value measurement (continued)

#### 18.2 Fair value measurement of financial instruments (continued)

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>31 March 2023 (Unaudited)</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	95,423	-	-	95,423
Local unquoted securities	-	-	81,899	81,899
Foreign quoted securities	2,736	-	-	2,736
Foreign unquoted securities	-	-	6,612,173	6,612,173
Managed funds	-	18,024	-	18,024
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	6,534,596	-	-	6,534,596
Local unquoted securities	-	-	4,011,536	4,011,536
Foreign unquoted securities	-	-	15,701,826	15,701,826
Debt instruments	-	-	6,224,474	6,224,474
Managed fund	-	4,963,755	-	4,963,755
	6,632,755	4,981,779	32,631,908	44,246,442
<b>31 December 2022 (Audited)</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	103,096	-	-	103,096
Local unquoted securities	-	-	81,895	81,895
Foreign quoted securities	2,271	-	-	2,271
Foreign unquoted securities	-	-	6,612,173	6,612,173
Managed funds	-	17,838	-	17,838
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	6,982,493	-	-	6,982,493
Local unquoted securities	-	-	4,006,096	4,006,096
Foreign unquoted securities	-	-	13,597,189	13,597,189
Debt instruments	-	-	6,207,751	6,207,751
Managed funds	-	4,834,601	-	4,834,601
	7,087,860	4,852,439	30,505,104	42,445,403



## Notes to the interim condensed consolidated financial information (continued)

### 18 Fair value measurement (continued)

#### 18.2 Fair value measurement of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>31 March 2022 (Unaudited)</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	153,712	-	-	153,712
Local unquoted securities	-	-	195,518	195,518
Foreign quoted securities	2,746	-	-	2,746
Foreign unquoted securities	-	-	6,589,037	6,589,037
Managed funds	-	17,533	-	17,533
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	9,694,680	-	-	9,694,680
Local unquoted securities	-	-	4,924,225	4,924,225
Foreign unquoted securities	-	-	12,780,064	12,780,064
Debt instruments	-	-	5,764,322	5,764,322
Managed funds	-	4,276,075	-	4,276,075
	9,851,138	4,293,608	30,253,166	44,397,912

There have been no transfers between levels during the reporting period.

#### Level 3 fair value measurements

The Group's measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Opening balance	30,505,104	29,267,854	29,267,854
Additions	2,126,804	1,716,041	1,243,747
Disposals / transfer	-	(248,639)	(258,435)
Change in fair value	-	(230,152)	-
Closing balance	32,631,908	30,505,104	30,253,166

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

## Notes to the interim condensed consolidated financial information (continued)

### 19 Contingent liabilities and commitments

Contingent liabilities and commitments represent letters of guarantee and capital commitments at the interim condensed consolidated financial position date are as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Issued letters of guarantee	10,964,278	10,964,278	11,140,528
Capital commitments	5,756,258	6,130,046	854,364
	<b>16,720,536</b>	<b>17,094,324</b>	<b>11,994,892</b>

Capital commitments represent development costs for properties under development.

### 20 Legal case

During the years prior to the Group's acquisition of one of its subsidiaries, this subsidiary had filed lawsuits against three of its former board of directors ("defendants") for compensation of KD24,812,190.

On 23 March 2023, the Court of Appeals ruled in favour of the subsidiary to oblige these members to pay final compensation with a total amount of KD24,812,190 against this lawsuit.

One of the defendants has appealed to the Court of Appeal and a consultation session is scheduled on 13 August 2023.

The financial impact of this judgment depends on what may be collected, primarily because the verdict was issued against individuals. As of the date of issuance of this interim condensed consolidated financial information, the lawsuit is still deliberated before the Court of Cassation.

Subsequently, on 10 April 2023, the Court of Appeals issued an order to postpone the execution of the decree in the urgent matter until a decision is finalized regarding the appeal.

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