

Interim condensed consolidated financial information and review report

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

**Kuwait**

30 September 2023 (Unaudited)

## Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7 and 8
Notes to the interim condensed consolidated financial information	9 to 23

## 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 30 September 2023 and the related interim condensed consolidated statements of profit or loss and profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the nine-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 nine-month period ended 30 September 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 nine-month period ended 30 September 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  
2 November 2023

## Interim condensed consolidated statement of profit or loss

		Three months ended		Nine months ended	
		30 Sept. 2023	30 Sept. 2022	30 Sept. 2023	30 Sept. 2022
	Notes	(Unaudited) KD	(Unaudited) KD	(Unaudited) KD	(Unaudited) KD
<b>Income</b>					
Real estate rental income		6,466,833	6,210,728	21,220,172	20,119,595
Real estate operating expenses		(1,564,151)	(1,457,065)	(5,124,352)	(4,541,757)
Net rental income		4,902,682	4,753,663	16,095,820	15,577,838
Change in fair value of investment properties	10	(2,046,771)	(1,881,510)	(5,938,616)	(5,644,530)
Gain/(loss) on sale of investment properties		2,750,263	(44,474)	10,138,784	(118,612)
Change in fair value of financial assets at FVTPL		103,814	(26,920)	61,546	(59,542)
(Loss)/gain on sale of financial assets at FVTPL		(28,233)	-	(28,233)	9,813
Dividend income		85,038	108,741	362,354	381,639
Share of results of associates		121,682	61,192	246,549	2,309,721
Loss on disposal of associate	15	-	-	(120,000)	-
Other income		186,543	511,007	357,622	739,536
		6,075,018	3,481,699	21,175,826	13,195,863
<b>Expenses and other charges</b>					
General and administrative expenses		(379,904)	(502,375)	(2,195,240)	(1,739,756)
Finance costs		(2,789,821)	(1,913,664)	(7,972,553)	(5,232,489)
		(3,169,725)	(2,416,039)	(10,167,793)	(6,972,245)
<b>Profit for the period before provisions for National Labour Support Tax (NLST) and Zakat</b>					
NLST		2,905,293	1,065,660	11,008,033	6,223,618
Zakat		(59,304)	(23,920)	(256,656)	(146,036)
		(46,197)	(19,405)	(147,885)	(88,281)
<b>Profit for the period</b>		2,799,792	1,022,335	10,603,492	5,989,301
<b>Attributable to:</b>					
Owners of the Parent Company		2,289,099	923,297	9,906,903	5,636,973
Non-controlling interests		510,693	99,038	696,589	352,328
<b>Profit for the period</b>		2,799,792	1,022,335	10,603,492	5,989,301
<b>Basic and diluted earnings per share (Fils)</b>	6	2.48	1.00	10.80	6.16

The notes set out on pages 9 to 23 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		Nine months ended	
	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD
<b>Profit for the period</b>	<b>2,799,792</b>	<b>1,022,335</b>	<b>10,603,492</b>	<b>5,989,301</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	4,770,459	(1,201,274)	4,913,102	(3,109,145)
<i>Items that will be reclassified subsequently to the consolidated statement of profit or loss</i>				
Exchange differences arising on translation of foreign operations	147,649	(34,759)	138,708	317,260
<b>Total other comprehensive income/(loss)</b>	<b>4,918,108</b>	<b>(1,236,033)</b>	<b>5,051,810</b>	<b>(2,791,885)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>7,717,900</b>	<b>(213,698)</b>	<b>15,655,302</b>	<b>3,197,416</b>
<b>Attributable to:</b>				
Owners of the Parent Company	7,207,207	(312,736)	14,958,713	2,845,088
Non-controlling interests	510,693	99,038	696,589	352,328
<b>Total comprehensive income/(loss) for the period</b>	<b>7,717,900</b>	<b>(213,698)</b>	<b>15,655,302</b>	<b>3,197,416</b>

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	7	5,839,822	8,606,784	6,959,840
Financial assets at FVTPL		7,714,356	6,817,273	6,965,537
Accounts receivable and other assets	8	25,552,118	9,032,765	8,889,553
Due from related parties	15	15,312,376	12,709,129	6,911,096
Trading properties		8,228,326	8,151,197	8,727,651
Investment in associates		11,876,131	11,708,391	11,317,700
Financial assets at FVTOCI	9	46,640,300	35,628,130	36,093,892
Capital work in progress		2,397,900	131,015	6,199,824
Properties under development		7,322,658	4,879,134	3,567,992
Investment properties	10	246,383,107	262,055,667	258,556,885
Property and equipment		1,928,729	812,309	271,885
<b>Total assets</b>		<b>379,195,823</b>	<b>360,531,794</b>	<b>354,461,855</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Due to banks		4,292,354	3,093,100	2,961,042
Accounts payable and other liabilities		18,750,430	20,360,760	18,199,913
Lease liabilities	11	7,759,115	15,643,979	15,477,958
Borrowings	12	194,802,840	180,264,916	181,862,078
Due to related parties	15	7,374,327	7,937,827	3,858,244
Provision for employees' end of service benefits		1,153,391	1,192,624	1,164,559
<b>Total liabilities</b>		<b>234,132,457</b>	<b>228,493,206</b>	<b>223,523,794</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	(2,336,039)	(3,214,552)	(2,995,760)
Statutory and voluntary reserves		24,485,387	24,485,387	22,964,407
Other components of equity	14	(6,752,533)	(19,147,172)	(19,013,520)
Retained earnings		25,116,656	27,389,043	27,376,456
<b>Equity attributable to the owners of the Parent Company</b>		<b>138,675,168</b>	<b>127,674,403</b>	<b>126,493,280</b>
Non-controlling interests		6,388,198	4,364,185	4,444,781
<b>Total equity</b>		<b>145,063,366</b>	<b>132,038,588</b>	<b>130,938,061</b>
<b>Total liabilities and equity</b>		<b>379,195,823</b>	<b>360,531,794</b>	<b>354,461,855</b>

  
Talal Jassim Al-Bahar  
Vice Chairman and Chief Executive Officer

The notes set out on pages 9 to 23 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 KD	Retained earnings KD	Sub-total KD	KD
<b>Balance at 1 January 2023 (audited)</b>	94,736,506	3,425,191	(3,214,552)	24,485,387	(19,147,172)	27,389,043	127,674,403	4,364,185
Gain on partial disposal of a subsidiary (note 5)	-	-	-	-	-	77,576	77,576	1,327,424
Purchase of treasury shares	-	-	(15,964,952)	-	-	-	(15,964,952)	-
Sale of treasury shares	-	-	13,871,765	-	744,200	-	14,615,965	-
Bonus shares distribution (note 17)	-	-	2,971,700	-	(177,702)	(2,793,998)	-	-
Cash dividends distribution (note 17)	-	-	-	-	-	(2,686,537)	(2,686,537)	-
<b>Total transactions with the owners</b>	-	-	878,513	-	566,498	(5,402,959)	(3,957,948)	1,327,424
<b>Profit for the period</b>	-	-	-	-	-	9,906,903	9,906,903	696,589
<b>Other comprehensive income for the period</b>	-	-	-	-	5,051,810	-	5,051,810	-
<b>Total comprehensive income for the period</b>	-	-	-	-	5,051,810	9,906,903	14,958,713	696,589
Loss on disposal of financial assets at FVTOCI	-	-	-	-	6,776,331	(6,776,331)	-	-
<b>Balance at 30 September 2023 (unaudited)</b>	94,736,506	3,425,191	(2,336,039)	24,485,387	(6,752,533)	25,116,656	138,675,168	6,388,198
								145,063,366

The notes set out on pages 9 to 23 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 15) 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	4,170,343 132,579,578
Gain on acquisition of additional interest in a subsidiary	-	-	-	-	-	61,366	61,366	(77,890) (16,524)
Purchase of treasury shares	-	-	(10,936,631)	-	-	-	(10,936,631)	- (10,936,631)
Sale of treasury shares	-	-	9,079,051	-	(244,133)	-	8,834,918	- 8,834,918
Bonus shares distribution (note 17)	-	-	4,597,589	-	(284,562)	(4,313,027)	-	- -
Cash dividends distribution (note 17)	-	-	-	-	-	(2,720,696)	(2,720,696)	- (2,720,696)
<b>Total transactions with the owners</b>	-	-	2,740,009	-	(528,695)	(6,972,357)	(4,761,043)	(77,890) (4,838,933)
Profit for the period	-	-	-	-	-	5,636,973	5,636,973	352,328 5,989,301
Other comprehensive loss for the period	-	-	-	-	(2,791,885)	-	(2,791,885)	- (2,791,885)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(2,791,885)	5,636,973	2,845,088	352,328 3,197,416
Loss on disposal of financial assets at FVTOCI	-	-	-	-	162,884	(162,884)	-	- -
<b>Balance at 30 September 2022 (unaudited)</b>	94,736,506	3,425,191	(2,995,760)	22,964,407	(19,013,520)	27,376,456	126,493,280	4,444,781 130,938,061

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2023 (Unaudited) KD	Nine months ended 30 Sept. 2022 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		10,603,492	5,989,301
Adjustments:			
Depreciation		116,716	25,454
Finance costs		7,972,553	5,232,489
Change in fair value of investments at FVTPL		(61,546)	59,542
Loss / (gain) on sale of financial assets at FVTPL		28,233	(9,813)
Change in fair value of investment properties	10	5,938,616	5,644,530
(Gain) / loss on sale of investment properties		(10,138,784)	118,612
Share of results of associates		(246,549)	(2,309,721)
Loss on disposal of associate		120,000	-
Dividend income		(362,354)	(381,639)
Provision charge for employees' end of service benefits		3,954	112,854
		13,974,331	14,481,609
Changes in operating assets and liabilities:			
Due from related parties		(2,603,247)	5,222,825
Accounts receivable and other assets		(8,607,492)	(1,803,336)
Due to related parties		(563,500)	(6,759,343)
Accounts payable and other liabilities		(2,137,988)	(1,536,801)
Employees' end of service benefits paid		(43,187)	(13,445)
<b>Net cash from operating activities</b>		<b>18,917</b>	<b>9,591,509</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(1,233,136)	(253,157)
Additions to capital work in progress		(2,266,885)	(4,367,403)
Additions to properties under development		(2,443,524)	(1,384,150)
Purchase of financial assets at FVTOCI		(26,918,313)	(11,555,114)
Proceeds from sale of financial assets at FVTOCI		21,307,453	9,772,490
Purchase of financial assets at FVTPL		(875,459)	(133,775)
Proceeds from sale of investments at FVTPL		11,689	258,452
Additions to investment properties		(3,228,227)	(22,628,882)
Proceeds from sale of investment properties		15,189,094	476,708
Additions to investment in associates		(78,457)	(1,104,103)
Dividend received from associates		37,266	73,266
Dividends income received		362,354	381,639
Increase in restricted cash		(364)	(70,723)
Term deposits maturing after three months		(80,916)	(603,196)
<b>Net cash used in investing activities</b>		<b>(217,425)</b>	<b>(31,137,948)</b>

The notes set out on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows (continued)

	Notes	Nine months ended 30 Sept. 2023 (Unaudited) KD	Nine months ended 30 Sept. 2022 (Unaudited) KD
<b>FINANCING ACTIVITIES</b>			
Net change in borrowings		16,092,426	35,101,406
Finance costs paid		(7,182,809)	(3,851,845)
Lease liabilities paid		(8,232,000)	(11,968,210)
Dividends paid		(2,601,487)	(2,584,185)
Net movement in treasury shares		(2,093,187)	(2,740,009)
<b>Net cash (used in) / from financing activities</b>		<b>(4,017,057)</b>	<b>13,957,157</b>
Net decrease in cash and cash equivalents		(4,215,565)	(7,589,282)
Foreign exchange differences		168,069	183,227
Cash and cash equivalents at the beginning of the period	7	4,427,553	9,196,630
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>380,057</b>	<b>1,790,575</b>
<b>Material non-cash transactions:</b>			
Proceeds from sale of investments properties		(13,213,104)	-
Accounts receivable and other assets		13,213,104	-
Sales consideration of subsidiary		1,405,000	-
Due to related parties		(1,405,000)	-
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 9 to 23 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 nine-month period ended 30 September 2023 was authorised for issue by the Parent Company's board of directors on 2 November 2023.

### 2 Basis of preparation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 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 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. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2022.

### 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

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

### 3 Changes in accounting policies (continued)

#### 3.1 New and amended standards adopted by the Group (continued)

##### 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

##### 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 interim condensed consolidated financial information.



## 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 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 interim condensed consolidated financial information.

##### IFRS 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 interim condensed consolidated financial information.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, effective from 1 January 2024
- IFRS S2 Climate-related Disclosures, effective from 1 January 2024

The above amendments do not have a significant impact on the interim condensed consolidated financial information.

### 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.

### 5 Subsidiaries

During the period, the Group entered into an agreement with a related party for sale of 49% of its wholly owned subsidiary "Assjad Al-Kuwait General Trading and Contracting Company - WLL" for a total consideration of KD1,405,000 resulting into a gain of KD77,576 which has been recognised directly in equity. The sale consideration has been settled against a balance due to that related party. The Group continues to classify this investment as investment in subsidiary since management determined that the Group continues to have the power to control the investee.



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

### 6 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 (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2023	30 Sept. 2022	30 Sept. 2023	30 Sept. 2022
Profit for the period attributable to the owners of the Parent Company (KD)	2,289,099	923,297	9,906,903	5,636,973
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	924,559,859	925,602,373	917,072,826	915,336,905
<b>Basic and diluted earnings per share (Fils)</b>	<b>2.48</b>	<b>1.00</b>	<b>10.80</b>	<b>6.16</b>

### 7 Cash and cash equivalents

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Cash and bank balances	4,474,142	7,414,147	4,749,513
Cash in investment portfolios managed by others	239,866	147,739	155,429
Term deposits	1,125,814	1,044,898	2,054,898
<b>Cash and cash equivalents</b>	<b>5,839,822</b>	<b>8,606,784</b>	<b>6,959,840</b>
Less:			
Due to bank	(4,292,354)	(3,093,100)	(2,961,042)
Restricted bank balances	(41,597)	(41,233)	(153,325)
Term deposits with original maturity exceeding three months	(1,125,814)	(1,044,898)	(2,054,898)
<b>Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows</b>	<b>380,057</b>	<b>4,427,553</b>	<b>1,790,575</b>

### 8 Accounts receivable and other assets

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
<b>Financial assets</b>			
Accounts receivable	7,979,342	7,628,617	11,194,359
Refundable deposits	479,189	529,068	453,816
Due on sale of investment properties (a)	9,887,851	1,975,990	903,397
Other assets	3,927,572	2,396,194	960,133
	22,273,954	12,529,869	13,511,705
Provision for doubtful debts	(5,675,757)	(5,675,757)	(4,885,037)
	16,598,197	6,854,112	8,626,668
<b>Non-financial assets</b>			
Advances to purchase investments (b)	6,733,270	-	-
Advances to contractors and suppliers	728,889	1,544,843	68,960
Other assets	1,491,762	633,810	193,925
	8,953,921	2,178,653	262,885
	25,552,118	9,032,765	8,889,553

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

### 8 Accounts receivable and other assets (continued)

a) The due on sale of investment properties are due for repayment as follows: (continued)

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Within one year	9,048,522	1,975,990	903,397
Over one year	839,329	-	-
	<b>9,887,851</b>	<b>1,975,990</b>	<b>903,397</b>

b) Advances to purchase investments represent payments made to acquire new investments located in the United States and Cayman Islands. The formalities to finalise the purchase transactions are currently in progress.

c) 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

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Local quoted securities	13,080,752	6,982,493	7,759,675
Local unquoted securities	3,887,208	4,006,096	4,850,204
Foreign unquoted securities	18,347,376	13,597,189	13,433,176
Debt instruments	6,231,901	6,207,751	5,774,762
Managed funds	5,093,063	4,834,601	4,276,075
	<b>46,640,300</b>	<b>35,628,130</b>	<b>36,093,892</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:

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2022 and 30 September 2022: 9%).

Quoted securities with an aggregate carrying value of KD 8,258,255 (31 December 2022: KD4,915,041 and 30 September 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

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 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	3,228,227	44,275,955	37,957,107
Disposals during the period/year	(12,962,171)	(3,465,320)	(595,320)
Change in fair value for the period/year	-	1,931,446	-
Balance at the end of the period/year	235,384,057	245,118,001	239,737,707
<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	(5,938,616)	(7,526,042)	(5,644,530)
Balance at the end of the period/year	10,999,050	16,937,666	18,819,178
<b>Total balance at the end of the period/year</b>	<b>246,383,107</b>	<b>262,055,667</b>	<b>258,556,885</b>
	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Kuwait	177,517,733	183,897,700	188,901,998
UAE	67,377,106	76,669,700	68,182,859
Other MENA countries	1,488,268	1,488,267	1,472,028
	<b>246,383,107</b>	<b>262,055,667</b>	<b>258,556,885</b>

10.2 Investment properties with an aggregate carrying value of KD 216,766,190 (31 December 2022: KD216,766,190 and 30 September 2022: KD221,421,880) 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 30 Sept. 2023 KD	Year ended 31 Dec. 2022 KD	Period ended 30 Sept. 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	347,136	705,960	539,939
Settled during the period/year	(8,232,000)	(11,968,210)	(11,968,210)
<b>Balance at the end of the period/year</b>	<b>7,759,115</b>	<b>15,643,979</b>	<b>15,477,958</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>30 September 2023:</b>			
Lease payments	8,232,000	-	8,232,000
Finance charges	(472,885)	-	(472,885)
<b>Net present values</b>	<b>7,759,115</b>	<b>-</b>	<b>7,759,115</b>
<b>31 December 2022:</b>			
Lease payments	8,232,000	8,243,005	16,475,005
Finance charges	(448,309)	(382,717)	(831,026)
<b>Net present values</b>	<b>7,783,691</b>	<b>7,860,288</b>	<b>15,643,979</b>
<b>30 September 2022:</b>			
Lease payments	3,261,002	13,214,004	16,475,006
Finance charges	(513,157)	(483,891)	(997,048)
<b>Net present values</b>	<b>2,747,845</b>	<b>12,730,113</b>	<b>15,477,958</b>

### 12 Borrowings

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Murabaha payable (i)	166,949,941	147,224,568	138,705,077
Tawarruq payable	-	-	8,301,741
Term loans (ii)	27,852,899	33,040,348	34,855,260
<b>Total</b>	<b>194,802,840</b>	<b>180,264,916</b>	<b>181,862,078</b>
<b>Borrowings in KD</b>	<b>166,949,941</b>	<b>147,224,568</b>	<b>147,006,818</b>
<b>Borrowings in other currencies</b>	<b>27,852,899</b>	<b>33,040,348</b>	<b>34,855,260</b>
<b>Total</b>	<b>194,802,840</b>	<b>180,264,916</b>	<b>181,862,078</b>

The borrowings are due for repayment as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Within one year	9,825,717	5,064,136	3,162,606
Over one year	184,977,123	175,200,780	178,699,472
<b>Total</b>	<b>194,802,840</b>	<b>180,264,916</b>	<b>181,862,078</b>

## 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 30 September 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 loans of 12,248,470 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 30 September 2022: 3.5%) over SOFR and repayable in various semi-annual instalments ending on 15 November 2030.
  - The US dollar-denominated term loan obtained from a related party was settled by against part sale of subsidiary to the related party part (note 5.1).
  - Outstanding term loan in AED equivalent to KD 15,604,429 from a foreign bank, carrying an annual interest rate of 2.5% (31 December 2022 and 30 September 2022: 2.75%) over EIBOR and repayable in various semi-annual 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

	30 Sept. 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 Sept. 2022 (Unaudited)
Number of treasury shares	15,797,571	28,011,397	20,565,437
Percentage of ownership	1.67%	2.96%	2.17%
Market value (KD)	2,590,802	2,997,219	2,072,996
Cost (KD)	2,336,039	3,214,552	2,995,760

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
<b>Balances at 1 January 2023</b>	6,092,275	(29,648)	(25,209,799)	(19,147,172)
Gain on sale of treasury shares	744,200	-	-	744,200
Bonus shares distribution (note 17)	(177,702)	-	-	(177,702)
Loss on disposal of financial assets at FVTOCI	-	-	6,776,331	6,776,331
<i>Other comprehensive income:</i>				
Change in fair value of financial assets at FVTOCI	-	-	4,913,102	4,913,102
Currency translation differences	-	138,708	-	138,708
<b>Balances at 30 September 2023 (Unaudited)</b>	<b>6,658,773</b>	<b>109,060</b>	<b>(13,520,366)</b>	<b>(6,752,533)</b>

## 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)
Loss on sale of treasury shares	(244,133)	-	-	(244,133)
Bonus shares distribution (note 17)	(284,562)	-	-	(284,562)
Loss on sale of financial assets at FVTOCI	-	-	162,884	162,884
<i>Other comprehensive income:</i>				
Change in fair value of financial assets at FVTOCI	-	-	(3,109,145)	(3,109,145)
Currency translation differences	-	317,260	-	317,260
<b>Balances at 30 September 2022 (Unaudited)</b>	6,708,798	(191,757)	(25,530,561)	(19,013,520)

### 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:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
<b>Balances included in interim condensed consolidated statement of financial position:</b>			
Due from related parties	15,312,376	12,709,129	6,911,096
Due on sale of investment properties	24,070	30,043	32,751
Due to related parties	7,374,327	7,937,827	3,858,244
Purchase of investment in associate	-	559,711	-
Purchase of investment properties	-	33,919,943	559,711
Purchase of financial assets at FVTOCI	1,500,000	-	33,919,943
Borrowings (note 12)	-	1,853,631	1,833,660

During the period, the Group entered into an agreement with a related party for sale of 49% of one of its wholly owned subsidiary for a total consideration of KD1,405,000 resulting into a gain of KD77,576 which has been recognised directly in equity (note 5).

Financial assets at fair value through other comprehensive income amounting to KD1,732,442 (31 December 2022: KD1,062,899 and 30 September 2022: KD 1,105,474) and financial assets at fair value through profit or loss amounting to KD 102,799 (31 December 2022: KD76,512 and 30 September 2022: KD76,512) are managed by a related party.



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

### 15 Related party transactions (continued)

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2023 KD	30 Sept. 2022 KD	30 Sept. 2023 KD	30 Sept. 2022 KD
<b>Interim condensed consolidated statement of profit or loss:</b>				
Real estate rental income	1,075,839	682,573	2,530,931	2,109,663
Real estate operating expenses	193,697	295,456	517,783	751,145
Loss on sale of investment properties	-	(27,390)	-	-
Loss on disposal of associates (see below)	-	-	(120,000)	-
General and administrative expenses	98,492	85,992	295,476	267,976
Finance cost	-	29,797	59,748	89,391
<b>Key management transactions:</b>				
Gain on sale of investment properties	279,713	-	279,713	-
<b>Key management compensation:</b>				
Salaries and short-term benefits	71,410	71,410	214,230	214,230
Employees' end of service benefit	1,375	1,375	4,125	4,125

During the period, the Group transferred its entire ownership in one of the associates "Surda Restaurant Company – WLL" to a related party with no consideration, resulting into a loss of KD120,000 which has been recognised in the interim condensed consolidated statement of profit or loss.

### 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>30 September 2023 (Unaudited)</b>				
Total income	20,295,988	522,216	357,622	21,175,826
Profit/(loss) for the period	12,323,436	522,216	(2,242,160)	10,603,492
Total assets	311,036,310	66,230,786	1,928,727	379,195,823
Total liabilities	214,228,643	18,750,432	1,153,382	234,132,457
Net assets	96,807,667	47,480,354	775,345	145,063,366
<b>31 December 2022 (Audited)</b>				
Total assets	275,217,014	54,153,794	31,160,986	360,531,794
Total liabilities	199,001,996	20,360,764	9,130,446	228,493,206
Net assets	76,215,018	33,793,030	22,030,540	132,038,588
<b>30 September 2022 (Unaudited)</b>				
Total income	9,933,308	2,523,020	739,535	13,195,863
Profit/(loss) for the period	4,700,819	2,523,020	(1,234,538)	5,989,301
Total assets	277,052,353	54,377,129	23,032,373	354,461,855
Total liabilities	182,993,831	18,276,597	22,253,366	223,523,794
Net assets	94,058,522	36,100,532	779,007	130,938,061

## 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:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
<b>Financial assets:</b>			
<b>At amortised cost:</b>			
Due from related parties	15,312,376	12,709,129	6,911,096
Accounts receivable and other assets	16,598,197	6,854,112	8,626,668
Cash and cash equivalents	5,839,822	8,606,784	6,959,840
<b>At fair value:</b>			
Financial assets at FVTPL	7,714,356	6,817,273	6,965,537
Financial assets at FVTOCI	46,640,300	35,628,130	36,093,892
	<b>92,105,051</b>	<b>70,615,428</b>	<b>65,557,033</b>
<b>Financial liabilities:</b>			
<b>At amortised cost</b>			
Due to bank	4,292,354	3,093,100	2,961,042
Accounts payable and other liabilities	18,750,430	20,360,760	18,199,913
Lease liabilities	7,759,115	15,643,979	15,477,958
Borrowings	194,802,840	180,264,916	181,862,078
Due to related parties	7,374,327	7,937,827	3,858,244
Provision for employees' end of service benefits	1,153,391	1,192,624	1,164,559
	<b>234,132,457</b>	<b>228,493,206</b>	<b>223,523,794</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>30 September 2023 (Unaudited)</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	135,263	-	-	135,263
Local unquoted securities	-	-	81,889	81,889
Foreign quoted securities	3,424	-	-	3,424
Foreign unquoted securities	-	-	7,475,942	7,475,942
Managed funds	-	17,838	-	17,838
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	13,080,752	-	-	13,080,752
Local unquoted securities	-	-	3,887,208	3,887,208
Foreign unquoted securities	-	-	18,347,376	18,347,376
Debt instruments	-	-	6,231,901	6,231,901
Managed fund	-	5,093,063	-	5,093,063
	<b>13,219,439</b>	<b>5,110,901</b>	<b>36,024,316</b>	<b>54,354,656</b>
<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
	<b>7,087,860</b>	<b>4,852,439</b>	<b>30,505,104</b>	<b>42,445,403</b>

## 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>30 September 2022 (Unaudited)</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	95,543	-	-	95,543
Local unquoted securities	-	-	195,479	195,479
Foreign quoted securities	1,464	-	-	1,464
Foreign unquoted securities	-	-	6,655,518	6,655,518
Managed funds	-	17,533	-	17,533
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	7,759,675	-	-	7,759,675
Local unquoted securities	-	-	4,850,204	4,850,204
Foreign unquoted securities	-	-	13,433,176	13,433,176
Debt instruments	-	-	5,774,762	5,774,762
Managed fund	-	4,276,075	-	4,276,075
	7,856,682	4,293,608	30,909,139	43,059,429

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:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Opening balance	30,505,104	29,267,854	29,267,854
Additions	5,638,106	1,716,041	1,899,720
Disposals / transfer	(41,459)	(248,639)	(258,435)
Change in fair value	(77,435)	(230,152)	-
Closing balance	36,024,316	30,505,104	30,909,139

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:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Issued letters of guarantee	10,964,278	10,964,278	10,964,278
Capital commitments	7,549,940	6,130,046	6,032,124
	18,514,218	17,094,324	16,996,402

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 was scheduled on 13 August 2023.

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.

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.

### 21 Proposed acquisition

During the period, the Group reached an agreement to acquire an ownership interest of 62.47% of Eradat International Real Estate Company – KSCC "Eradat", through increasing Eradat's share capital, in-kind, by an amount of KD8,223,000. This in-kind increase of Eradat's share capital represents the net of the aggregate value of certain investment properties amounting to KD49,463,000 and bank facilities.

On 27 September 2023, the extraordinary general assembly of Eradat approved to reduce its authorized, issued and paid-up share capital from KD6,798,697 to KD4,940,000 through write off accumulated losses amounting to KD1,859,102 as of 30 June 2023, and increase its share capital, in-kind, from KD4,940,000 to KD13,163,000 by amount of KD8,223,000 for the Parent Company. As of the date of issuing of this interim condensed consolidated financial information, the formalities of increasing the share capital and transferring assets and liabilities have not been completed.

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