



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 2024 (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 2024 and the related interim condensed consolidated statements of profit or loss, 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 2024 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 2024 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
15 May 2024

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Income			
Real estate rental income		8,231,137	7,358,718
Real estate operating expenses		(2,987,049)	(1,572,640)
Net rental income		5,244,088	5,786,078
Change in fair value of investment properties	11	2,817,106	(1,945,923)
Gain on sale of investment properties		-	4,413,043
Change in fair value of financial assets at FVTPL		2,238,788	(44,941)
Dividend income		41,972	38,169
Share of results of associates		40,806	48,007
Other income		4,645	40,616
		10,387,205	8,335,049
Expenses and other charges			
General and administrative expenses		(891,878)	(888,752)
Finance costs		(3,132,462)	(2,472,882)
		(4,024,340)	(3,361,634)
Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		6,362,865	4,973,415
KFAS		(61,205)	-
NLST		(131,250)	(120,955)
Zakat		(66,496)	(59,598)
Profit for the period		6,103,914	4,792,862
Attributable to:			
Owners of the Parent Company		5,018,986	4,668,878
Non-controlling interests		1,084,928	123,984
Profit for the period		6,103,914	4,792,862
Basic and diluted earnings per share (Fils)	6	5.48	5.10

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 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Profit for the period	6,103,914	4,792,862
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net change in fair value of financial assets at FVTOCI	7,526,849	(319,786)
<i>Items that will be reclassified subsequently to the consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	57,930	171,717
Total other comprehensive income/(loss) for the period	7,584,779	(148,069)
Total comprehensive income for the period	13,688,693	4,644,793
Attributable to:		
Owners of the Parent Company	12,603,765	4,520,809
Non-controlling interests	1,084,928	123,984
Total comprehensive income for the period	13,688,693	4,644,793

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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Assets				
Cash and cash equivalents	7	10,122,185	6,168,176	12,808,925
Financial assets at FVTPL	8	13,197,274	10,958,486	6,810,255
Accounts receivable and other assets	9	19,808,806	22,104,420	15,448,361
Due from related parties	16	17,608,039	16,312,323	13,742,652
Trading properties		8,163,775	8,163,775	8,151,197
Investment in associates		13,097,669	12,949,186	11,756,398
Financial assets at FVTOCI	10	61,399,620	52,785,580	37,436,187
Capital work in progress		564,623	53,180	1,322,942
Properties under development		1,519,530	7,867,584	5,243,969
Investment properties	11	267,930,316	253,631,531	254,192,070
Property and equipment		2,852,192	2,407,119	950,934
Total assets		416,264,029	393,401,360	367,863,890
Liabilities and Equity				
Liabilities				
Due to banks		2,384,027	3,561,368	564,840
Accounts payable and other liabilities		20,800,507	18,535,468	23,372,734
Lease liabilities	12	3,116,392	7,860,289	10,965,864
Borrowings	13	213,316,768	199,051,069	188,774,485
Due to related parties	16	5,854,138	5,714,560	8,162,916
Provision for employees' end of service benefits		1,039,961	1,002,627	1,187,486
Total liabilities		246,511,793	235,725,381	233,028,325
Equity				
Share capital		94,736,506	94,736,506	94,736,506
Share premium		3,425,191	3,425,191	3,425,191
Treasury shares	14	(7,925,032)	(5,171,096)	(4,888,022)
Statutory and voluntary reserves		26,881,519	26,881,519	24,485,387
Other components of equity	15	9,821,310	1,798,379	(19,354,675)
Retained earnings		30,124,380	24,402,046	31,943,009
Equity attributable to the owners of the Parent Company		157,063,874	146,072,545	130,347,396
Non-controlling interests		12,688,362	11,603,434	4,488,169
Total equity		169,752,236	157,675,979	134,835,565
Total liabilities and equity		416,264,029	393,401,360	367,863,890



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 KD	Retained earnings KD	Sub-total KD	KD	
Balance at 1 January 2024 (audited)	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979
Purchase of treasury shares	-	-	(12,410,368)	-	-	-	(12,410,368)	-	(12,410,368)
Sale of treasury shares	-	-	9,656,432	-	1,141,500	-	10,797,932	-	10,797,932
Total transactions with the owners	-	-	(2,753,936)	-	1,141,500	-	(1,612,436)	-	(1,612,436)
Profit for the period	-	-	-	-	-	5,018,986	5,018,986	1,084,928	6,103,914
Other comprehensive income for the period	-	-	-	-	7,584,779	-	7,584,779	-	7,584,779
Total comprehensive income for the period	-	-	-	-	7,584,779	5,018,986	12,603,765	1,084,928	13,688,693
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(703,348)	703,348	-	-	-
Balance at 31 March 2024 (unaudited)	94,736,506	3,425,191	(7,925,032)	26,881,519	9,821,310	30,124,380	157,063,874	12,688,362	169,752,236

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	KD	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	127,674,403	4,364,185	132,038,588	
Purchase of treasury shares	-	-	(7,052,446)	-	-	-	(7,052,446)	-	(7,052,446)	
Sale of treasury shares	-	-	5,378,976	-	(174,346)	-	5,204,630	-	5,204,630	
Total transactions with the owners	-	-	(1,673,470)	-	(174,346)	-	(1,847,816)	-	(1,847,816)	
Profit for the period	-	-	-	-	-	4,668,878	4,668,878	123,984	4,792,862	
Other comprehensive loss for the period	-	-	-	-	(148,069)	-	(148,069)	-	(148,069)	
Total comprehensive (loss)/income for the period	-	-	-	-	(148,069)	4,668,878	4,520,809	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	130,347,396	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 cash flows

	Notes	Three months ended 30 March 2024 (Unaudited) KD	Three months ended 30 March 2023 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		6,103,914	4,792,862
Adjustments:			
Depreciation		9,300	32,965
Finance costs		3,132,462	2,472,882
Change in fair value of investment properties		(2,817,106)	1,945,923
Gain on sale of investment properties		-	(4,413,043)
Share of results of associates		(40,606)	(48,007)
Change in fair value of financial assets at FVTPL	8	(2,238,788)	44,941
Dividend income		(41,972)	(38,169)
Provision charge for employees' end of service benefits		41,320	1,792
		4,148,524	4,792,146
Changes in operating assets and liabilities:			
Accounts receivable and other assets		2,295,614	(596,377)
Due from related parties		(1,295,716)	(1,033,523)
Accounts payable and other liabilities		1,937,735	2,959,472
Due to related parties		139,578	225,089
Employees' end of service benefits paid		(3,986)	(6,930)
Net cash from operating activities		7,221,749	6,339,877
INVESTING ACTIVITIES			
Purchase of property and equipment		(454,373)	(171,590)
Additions to capital work in progress		(511,443)	(1,191,927)
Additions to properties under development		(1,233,864)	(329,342)
Additions to investment properties		(3,813,415)	(566,239)
Proceeds from sale of investment properties		-	5,077,737
Purchase of financial assets at FVTPL		-	(37,923)
Purchase of financial assets at FVTOCI		(24,491,064)	(6,397,159)
Proceeds from sale of financial assets at FVTOCI		23,405,132	4,368,714
Additions / capital contribution in associates		(107,877)	-
Term deposits maturing after 3 months		(531,110)	-
Dividend income received		41,972	38,169
Net cash (used in)/from investing activities		(7,696,042)	790,440
FINANCING ACTIVITIES			
Net change in borrowings		14,148,662	8,467,738
Finance costs paid		(2,727,401)	(2,282,400)
Lease liabilities paid		(4,812,000)	(4,812,000)
Net movement in treasury shares		(1,612,436)	(1,673,470)
Dividends paid		(9,654)	(4,095)
Net cash from/(used in) financing activities		4,987,171	(304,227)
Net increase in cash and cash equivalents		4,512,878	6,826,090
Foreign currency adjustments		87,362	(95,689)
Cash and cash equivalents at the beginning of the period	7	1,438,468	4,427,553
Cash and cash equivalents at the end of the period	7	6,038,708	11,157,954

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 2024 was authorised for issue by the Parent Company's board of directors on 15 May 2024

2 Basis of preparation

This interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2024 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of this 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 2023, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

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 IFRS Accounting 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.

Operating results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the year ending 31 December 2024. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2023.

3 Changes in accounting policies

The accounting policies used in the preparation of this 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 2023, except for the adoption of the new and amended IFRS Accounting Standards effective as of 1 January 2024 as described in Note 3.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards were effective for the current period.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

<i>Description</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments - Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Amendments Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments - Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as either current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. 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.

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

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.

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements disclosures

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The adoption of the amendments did not 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)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

IFRS 16 Amendments – Lease liability in a sale and leaseback

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.

The adoption of the amendments did not have a significant impact on the Group's 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 2023.

5 Subsidiaries

During the period, the Parent Company incorporated a new subsidiary "KREC PROPCO Investments LLC" registered in UAE with 100% ownership with a total capital of KD 4,200 to carry out investments activities

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 31 March 2024 (Unaudited)	Three months ended 31 March 2023 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	5,018,986	4,668,878
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	915,148,035	916,290,291
Basic and diluted earnings per share (Fils)	5.48	5.10

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Cash and bank balances	8,241,423	4,809,854	11,624,030
Cash in investment portfolios managed by others	223,838	232,508	139,997
Term deposits	1,656,924	1,125,814	1,044,898
Cash and cash equivalents	10,122,185	6,168,176	12,808,925
Less:			
Due to banks	(2,384,027)	(3,561,368)	(564,840)
Restricted bank balances	(42,526)	(42,526)	(41,233)
Term deposits with original maturity exceeding three months	(1,656,924)	(1,125,814)	(1,044,898)
Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows	6,038,708	1,438,468	11,157,954

8 Financial assets at fair value through profit or loss

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Local quoted securities	617,334	411,335	95,423
Local unquoted securities	81,899	81,888	81,899
Foreign quoted securities	4,225	3,780	2,736
Foreign unquoted securities	12,482,852	10,450,519	6,612,173
Managed funds	10,964	10,964	18,024
	13,197,274	10,958,486	6,810,255

One of the Group's investments in a foreign company amounting to KD4,152,965 (31 December 2023: 2,471,276 and 31 March 2023: Nil) representing 30% ownership of the investee's share capital, has been classified as financial assets at fair value through profit or loss as the Group does not control or exercise significant influence over the operations of the investee.

9 Accounts receivable and other assets

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Financial assets			
Accounts receivable	8,994,584	8,020,827	9,488,184
Refundable deposits	738,268	776,254	524,073
Due on sale of investment properties	8,102,356	10,406,793	7,660,911
Other assets	1,739,581	3,049,969	1,332,229
	19,574,789	22,253,843	19,005,397
Provision for doubtful debts	(5,818,734)	(5,818,734)	(5,675,757)
	13,756,055	16,435,109	13,329,640

Notes to the interim condensed consolidated financial information (continued)

9 Accounts receivable and other assets (continued)

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Non-financial assets			
Advances to contractors and suppliers	84,323	369,032	1,892,578
Advances to purchase investments (9.1)	4,261,994	4,261,994	-
Other assets	1,706,434	1,038,285	226,143
	6,052,751	5,669,311	2,118,721
	19,808,806	22,104,420	15,448,361

- 9.1 Advances to purchase investments represent payments made to acquire new investments located in the United States. The formalities to finalise the purchase transactions are currently in progress.

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

10 Financial assets at fair value through other comprehensive income

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Local quoted securities	29,638,298	21,886,362	6,534,596
Local unquoted securities	3,680,302	3,680,116	4,011,536
Foreign unquoted securities	14,788,961	13,927,977	15,701,826
Debt instruments	6,438,483	6,437,549	6,224,474
Managed funds	6,853,576	6,853,576	4,963,755
	61,399,620	52,785,580	37,436,187

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 2023 and 31 March 2023: 9%).

Quoted securities with carrying value of KD22,552,723 (31 December 2023: KD16,119,872 and 31 March 2023: KD4,915,041) are pledged against borrowings (notes 13).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 19.2.

Notes to the interim condensed consolidated financial information (continued)

11 Investment properties

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
<i>Owned properties</i>			
Balance at the beginning of the period/year	244,477,562	245,118,001	245,118,001
Additions during the period/year	3,813,415	7,043,457	566,239
Transferred from properties under development (note 11.2)	7,668,264	-	-
Arising on acquisition of subsidiary	-	4,961,551	-
Disposals during the period/year	-	(13,941,815)	(6,483,913)
Change in fair value for the period/year	4,829,715	1,296,368	-
Balance at the end of the period/year	260,788,956	244,477,562	239,200,327
<i>Leased properties</i>			
Balance at the beginning of the period/year	9,153,969	16,937,666	16,937,666
Change in fair value for the period/year	(2,012,609)	(7,783,697)	(1,945,923)
Balance at the end of the period/year	7,141,360	9,153,969	14,991,743
Total balance at the end of the period/year	267,930,316	253,631,531	254,192,070

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

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Kuwait	183,014,909	185,027,385	181,955,465
UAE	83,425,052	67,113,791	70,748,338
Other MENA countries	1,490,355	1,490,355	1,488,267
	267,930,316	253,631,531	254,192,070

11.2 Properties with an aggregate carrying value of KD7,668,264 were under development and have been completed during the period.

11.3 Investment properties with an aggregate carrying value of KD 236,448,669 (31 December 2023: KD216,066,196 and 31 March 2023: KD209,266,190) are pledged against borrowings and balances due to banks (Note 13).

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

Notes to the interim condensed consolidated financial information (continued)

12 Lease liabilities

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

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Balance at the beginning of the period/year	7,860,289	15,643,979	15,643,979
Finance costs charged for the period/year	68,103	448,310	133,885
Settled during the period/year	(4,812,000)	(8,232,000)	(4,812,000)
Balance at the end of the period/year	3,116,392	7,860,289	10,965,864

Future minimum lease payments are as follows:

	Minimum lease payments due		Total
	One Year KD	1 - 5 Years KD	KD
31 March 2024 (Unaudited):			
Lease payments	3,420,000	-	3,420,000
Finance charges	(303,608)	-	(303,608)
Net present values	3,116,392	-	3,116,392
31 December 2023 (Audited):			
Lease payments	8,232,000	-	8,232,000
Finance charges	(371,711)	-	(371,711)
Net present values	7,860,289	-	7,860,289
31 March 2023 (Unaudited):			
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

13 Borrowings

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Murabaha payables (i)	177,497,571	172,826,459	157,171,476
Wakala payable (ii)	2,000,000	500,000	-
Term loans (iii)	33,819,197	25,724,610	31,603,009
Total	213,316,768	199,051,069	188,774,485
Borrowings in KD	179,497,571	173,326,459	157,171,476
Borrowings in other currencies	33,819,197	25,724,610	31,603,009
Total	213,316,768	199,051,069	188,774,485

Notes to the interim condensed consolidated financial information (continued)

13 Borrowings (continued)

The borrowings are due for repayment as follows:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Within one year	19,841,742	19,571,520	4,271,169
Over one year	193,475,026	179,479,549	184,503,316
	213,316,768	199,051,069	188,774,485

- 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 2023 and 31 March 2023: 0.75% - 1%) over CBK discount rate and repayable in different unequal instalments ending on 15 April 2030.
- ii) Wakala payable obtained from Islamic financing carry an annual profit rate of 2% (31 December 2023: 2% and 31 March 2023: Nil) over CBK discount rate and repayable on quarterly instalments ending on 7 June 2028.
- iii) Term loans represent the following:
 - Outstanding term loans equivalent of KD18,953,047 obtained in AED and USD from a foreign bank, carrying an annual interest rate of 2.5% (31 December 2023 and 31 March 2023: 3% - 3.5%) over SOFR and repayable in various semi-annual instalments ending on 15 November 2030.
 - Outstanding term loan in AED equivalent to KD14,866,150 from a foreign bank, carrying an annual interest rate of 2.75% (31 December 2023: 2.5% and 31 March 2023: 2.75%) over EIBOR and repayable in various semi-annual instalments ending on 30 June 2030.

Borrowings are secured by pledge of Group's financial assets at FVTOCI and investment properties (Notes 10 and 11).

14 Treasury shares

	31 March 2024 (Unaudited)	31 Dec. 2023 (Audited)	31 March 2023 (Unaudited)
Number of treasury shares	35,446,563	29,234,070	44,277,922
Percentage of ownership	3.74%	3.08%	4.67%
Market value (KD)	8,081,816	5,934,516	4,737,737
Cost (KD)	7,925,032	5,171,096	4,888,022

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

Notes to the interim condensed consolidated financial information (continued)

15 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 2024	7,236,573	(13,844)	(5,424,350)	1,798,379
Gain on sale of treasury shares	1,141,500	-	-	1,141,500
Gain on disposal of financial assets at FVTOCI	-	-	(703,348)	(703,348)
<i>Other comprehensive income:</i>				
Net change in fair value of financial assets at FVTOCI	-	-	7,526,849	7,526,849
Currency translation differences	-	57,930	-	57,930
Balances at 31 March 2024 (Unaudited)	8,378,073	44,086	1,399,151	9,821,310
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 disposal of financial assets at FVTOCI	-	-	114,912	114,912
<i>Other comprehensive income:</i>				
Net 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)

16 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Balances included in interim condensed consolidated statement of financial position:			
Due from related parties	17,608,039	16,312,323	13,742,652
Due on sale of investment properties	21,520	22,795	58,001
Due to related parties	5,854,138	5,714,560	8,162,916
Borrowings	-	-	1,853,631

Financial assets at fair value through other comprehensive income amounting to KD1,994,305 (31 December 2023: KD2,068,634 and 31 March 2023: KD987,157) and financial assets at fair value through profit or loss amounting to KD565,188 (31 December 2023: KD361,865 and 31 March 2023: KD78,951) are managed by a related party.

Notes to the interim condensed consolidated financial information (continued)

16 Related party transactions (continued)

	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:		
Real estate rental income	774,464	716,541
Real estate operating expenses	88,608	166,897
General and administrative expenses	98,492	98,492
Finance costs	-	30,122
Key management compensation:		
Salaries and short-term benefits	76,764	71,410
Employees' end of service benefits	2,914	1,375

17 Segmental analysis

The Group operates in real estate and investment segments. The segmental analysis of the total income and net profit / (loss) for the activities are as follows:

	Real estate KD	Investment KD	Services KD	Unallocated KD	Total KD
31 March 2024 (Unaudited)					
Total income	8,061,194	2,321,368	-	4,643	10,387,205
Profit/(loss) for the period	4,928,733	2,321,368	-	(1,146,187)	6,103,914
Total assets	322,524,217	87,694,563	5,941,593	103,656	416,264,029
Total liabilities	218,894,711	20,678,377	5,898,748	1,039,957	246,511,793
Net assets	103,629,506	67,016,186	42,845	(936,301)	169,752,236
31 December 2023 (Audited)					
Total assets	312,855,776	76,693,250	3,751,904	100,430	393,401,360
Total liabilities	212,478,230	18,535,476	3,709,058	1,002,617	235,725,381
Net assets	100,377,546	58,157,774	42,846	(902,187)	157,675,979
31 March 2023 (Unaudited)					
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
Total assets	310,910,116	56,002,840	-	950,934	367,863,890
Total liabilities	209,685,793	23,339,453	-	3,079	233,028,325
Net assets	101,224,323	32,663,387	-	947,855	134,835,565

Notes to the interim condensed consolidated financial information (continued)

18 Annual general assembly

At the date of issuance of this interim condensed consolidated financial information, the Annual General Assembly of the shareholders of the Parent Company has not been held to approve the consolidated financial statements for the year ended 31 December 2023. The interim condensed consolidated financial information for the three-month period ended 31 March 2024 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2023.

The board of directors have proposed to distribute cash dividends of 4 Fils per share and bonus shares of 6% for the year ended 31 December 2023. The directors also propose remuneration to the board of directors of KD60,000. These proposals are subject to the approval of the general assembly and the regulatory authorities.

19 Fair value measurement

19.1 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).

19.2 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Financial assets:			
At amortised cost:			
Due from related parties	17,608,039	16,312,323	13,742,652
Accounts receivable and other assets	13,756,055	16,435,109	13,396,648
Cash and cash equivalents	10,122,185	6,168,176	12,808,925
At fair value:			
Financial assets at FVTPL	13,197,274	10,958,486	6,810,255
Financial assets at FVTOCI	61,399,620	52,785,580	37,436,187
	116,083,173	102,659,674	84,194,667

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Financial liabilities:			
At amortised cost			
Due to bank	2,384,027	3,561,368	564,840
Accounts payable and other liabilities	20,800,507	18,535,468	23,372,734
Lease liabilities	3,116,392	7,860,289	10,965,864
Borrowings	213,316,768	199,051,069	188,774,485
Due to related parties	5,854,138	5,714,560	8,162,916
Provision for employees' end of service benefits	1,039,961	1,002,627	1,187,486
	246,511,793	235,725,381	233,028,325

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 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2024 (Unaudited)				
Financial assets				
Financial assets at fair value through profit or loss:				
Local quoted securities	617,334	-	-	617,334
Local unquoted securities	-	-	81,899	81,899
Foreign quoted securities	4,225	-	-	4,225
Foreign unquoted securities	-	-	12,482,852	12,482,852
Managed funds	-	10,964	-	10,964
Financial assets at fair value through other comprehensive income:				
Local quoted securities	29,638,298	-	-	29,638,298
Local unquoted securities	-	-	3,680,302	3,680,302
Foreign unquoted securities	-	-	14,788,961	14,788,961
Debt instruments	-	-	6,438,483	6,438,483
Managed fund	-	6,853,576	-	6,853,576
	30,259,857	6,864,540	37,472,497	74,596,894

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
31 December 2023 (Audited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	411,335	-	-	411,335
Local unquoted securities	-	-	81,888	81,888
Foreign quoted securities	3,780	-	-	3,780
Foreign unquoted securities	-	-	10,450,519	10,450,519
Managed funds	-	10,964	-	10,964
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	21,886,362	-	-	21,886,362
Local unquoted securities	-	-	3,680,116	3,680,116
Foreign unquoted securities	-	-	13,927,977	13,927,977
Debt instruments	-	-	6,437,549	6,437,549
Managed funds	-	6,853,576	-	6,853,576
	22,301,477	6,864,540	34,578,049	63,744,066
31 March 2023 (Unaudited)				
Financial assets				
<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

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:

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Opening balance	34,578,049	30,386,215	30,505,104
Additions	861,041	6,716,488	2,126,804
Change in fair value	2,033,407	(2,524,654)	-
Closing balance	37,472,497	34,578,049	32,631,908

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.

20 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Issued letters of guarantee	10,964,278	10,964,278	10,964,278
Capital commitments	4,688,065	6,924,895	5,756,258
	15,652,343	17,889,173	16,720,536

Capital commitments represent development costs for properties under development.

21 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.

On 26 March 2024, the Court of Cassation ruled to temporarily suspend the enforcement of the appeal ruling in favor of the defendants until the cassation decision is decided. The financial impact of this judgment depends on final decision of the court of cassation.

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