



**Al-Arabiya Real Estate Company K.P.S.C.
And its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
and Review Report
For the nine months ended 30 September 2023
(Unaudited)**



Al-Arabiya Real Estate Company K.P.S.C.

And its Subsidiaries

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For the nine months ended 30 September 2023

(Unaudited)

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF AL-ARABIYA REAL ESTATE COMPANY K.S.C.P.**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Arabiya Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 September 2023, and the related statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the interim financial information, which indicates that the Group's current liabilities exceeded its current assets by KD 78,117,814 as at 30 September 2023. As stated in note 2, this condition, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies' Law No. 1 of 2016, as amended, and its Executive Regulation, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2023, that might have had a material effect on the business of the Parent Company or on its financial position, except that the Parent Company has directly invested in shares of certain companies, whose objectives are different from that of the Parent Company (Note 6).

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023, that might have had a material effect on the business of the Parent Company or on its financial position.



Talal Y. Al-Muzaini
Licence No. 209 A
Deloitte & Touche - Al-Wazzan & Co.


Kuwait, 14 November 2023

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

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2023	31 December 2022 (Audited)	30 September 2022 (Restated)
Assets				
Non-current assets				
Property, plant and equipment		14,262,765	14,735,823	14,773,064
Investment properties	5	96,098,337	109,574,582	107,309,098
Financial assets at fair value through other comprehensive income	6	9,173,376	9,979,850	9,294,764
		<u>119,534,478</u>	<u>134,290,255</u>	<u>131,376,926</u>
Current assets				
Trade and other receivables	7	5,137,830	1,661,175	1,843,051
Cash and cash equivalents	8	3,736,729	1,723,237	946,046
		8,874,559	3,384,412	2,789,097
Assets held for sale		848,514	848,514	848,514
		<u>9,723,073</u>	<u>4,232,926</u>	<u>3,637,611</u>
Total Assets		<u>129,257,551</u>	<u>138,523,181</u>	<u>135,014,537</u>
Equity & Liabilities				
Equity				
Share capital	9.1	36,920,973	50,984,499	50,984,499
Share premium		-	327,188	327,188
Treasury shares	9.2	(714,784)	(714,784)	(714,784)
Statutory reserve		-	4,744,392	4,744,392
Voluntary reserve		-	174,732	174,732
Other reserves	10	606,463	2,360,299	2,116,843
Retained earnings /accumulated losses	19	1,600,485	(19,309,838)	(21,784,845)
		38,413,137	38,566,488	35,848,025
Amount recognized in equity related to asset held for sale		(1,351,998)	(1,351,998)	(1,351,998)
		<u>37,061,139</u>	<u>37,214,490</u>	<u>34,496,027</u>
Liabilities				
Non-current liabilities				
Post-employment benefits		323,747	334,996	331,800
Loans and bank facilities	11	4,031,778	53,536,554	6,230,781
		<u>4,355,525</u>	<u>53,871,550</u>	<u>6,562,581</u>
Current liabilities				
Trade and other payables	12	5,276,830	8,324,730	6,958,816
Loans and bank facilities	11	82,564,057	39,112,411	86,997,113
		<u>87,840,887</u>	<u>47,437,141</u>	<u>93,955,929</u>
Total liabilities		<u>92,196,412</u>	<u>101,308,691</u>	<u>100,518,510</u>
Total equity and liabilities		<u>129,257,551</u>	<u>138,523,181</u>	<u>135,014,537</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.


Dr. Emad Jawad Bukhamseen
Chairman


Dr. Abdullah Abdulsamad Marafi
Vice Chairman

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
REVENUES					
Rental income		1,033,579	1,261,951	3,333,210	3,633,698
Income from hotel		956,314	969,242	3,462,198	3,242,808
Gain from sale of investment properties	5	412,518	-	1,249,290	-
Investment income	13	-	-	231,689	128,386
Other income	14	1,073,993	94,004	1,187,219	262,135
Foreign currency exchange differences		-	(90,245)	(15,777)	(55,245)
		<u>3,476,404</u>	<u>2,234,952</u>	<u>9,447,829</u>	<u>7,211,782</u>
EXPENSES					
Investment properties expenses		221,769	232,001	502,072	573,674
Operating expenses of hotel		804,052	852,224	2,661,277	2,654,606
Finance costs		1,458,914	1,071,914	3,892,409	2,844,593
Staff costs		63,572	60,501	217,341	207,280
Other expenses		624,577	267,436	1,055,019	824,332
Provisions no longer required	12	-	-	(1,037,394)	-
Depreciation		175,412	174,087	526,238	521,729
		<u>3,348,296</u>	<u>2,658,163</u>	<u>7,816,962</u>	<u>7,626,214</u>
Net profit/(loss) before deductions		<u>128,108</u>	<u>(423,211)</u>	<u>1,630,867</u>	<u>(414,432)</u>
Contribution to Kuwait foundation for the advancement of science		(14,678)	-	(14,678)	-
National labor support tax		(11,217)	-	(11,217)	-
Zakat		(4,487)	-	(4,487)	-
Net profit/(loss) for the period		<u>97,726</u>	<u>(423,211)</u>	<u>1,600,485</u>	<u>(414,432)</u>
Basic and diluted earnings/(losses) per share (fills)	15	<u>0.27</u>	<u>(1.16)</u>	<u>4.37</u>	<u>(1.13)</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
Net profit/(loss) for the period		97,726	(423,211)	1,600,485	(414,432)
Other comprehensive income / (loss) items:					
Items that may be reclassified subsequently to interim condensed consolidated statement of income:					
Foreign currency translation adjustment	10	145,230	389,764	115,976	786,906
		145,230	389,764	115,976	786,906
Items that will not be reclassified subsequently to interim condensed consolidated statement of income:					
Change in fair value of financial assets at fair value through other comprehensive income	10	(1,017,847)	(443,144)	(1,869,812)	(607,886)
Other comprehensive (loss)/income for the period	10	(872,617)	(53,380)	(1,753,836)	179,020
Total comprehensive (loss) for the period		(774,891)	(476,591)	(153,351)	(235,412)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 10)	Accumulated (losses)/Retained earnings	Total	Amount recognized in equity related to asset held for sale	Total
Balance as at 1 January 2022										
(As previously stated)	50,984,499	327,188	(714,784)	4,744,392	174,732	1,937,823	(14,218,992)	43,234,858	(1,337,708)	41,897,150
Prior years restatements (note 19)	-	-	-	-	-	-	(7,151,421)	(7,151,421)	(14,290)	(7,165,711)
Balance as at 1 January 2022 (Restated)	50,984,499	327,188	(714,784)	4,744,392	174,732	1,937,823	(21,370,413)	36,083,437	(1,351,998)	34,731,439
Net profit for the period	-	-	-	-	-	-	(414,432)	(414,432)	-	(414,432)
Other comprehensive income for the period	-	-	-	-	-	179,020	-	179,020	-	179,020
Total comprehensive income for the period	-	-	-	-	-	179,020	(414,432)	(235,412)	-	(235,412)
Balance as at 30 September 2022	50,984,499	327,188	(714,784)	4,744,392	174,732	2,116,843	(21,784,845)	35,848,025	(1,351,998)	34,496,027
Balance as at 1 January 2023 (audited)	50,984,499	327,188	(714,784)	4,744,392	174,732	2,360,299	(19,309,838)	38,566,488	(1,351,998)	37,214,490
Net profit for the period	-	-	-	-	-	-	1,600,485	1,600,485	-	1,600,485
Other comprehensive income for the period	-	-	-	-	-	(1,753,836)	-	(1,753,836)	-	(1,753,836)
Total comprehensive income for the period	-	-	-	-	-	(1,753,836)	1,600,485	(153,351)	-	(153,351)
Amortization of accumulated loss (Note 20)	(14,063,526)	(327,188)	-	(4,744,392)	(174,732)	-	19,309,838	-	-	-
Balance as at 30 September 2023	36,920,973	-	(714,784)	-	-	606,463	1,600,485	38,413,137	(1,351,998)	37,061,139

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Nine months ended 30 September	
	2023	2022
Cash flows from operating activities		
Net Profit /(loss) for the period	1,600,485	(414,432)
Non-cash adjustments to reconcile profit /(loss) for the period to net cash flows:		
Depreciation	526,238	521,730
Gain from sale of investment property	(1,249,290)	-
Gain on right of use disposal	(5,355)	-
Provision charged	33,845	-
Provision no longer required	(1,037,394)	-
Post-employment benefits	69,809	53,381
Closed dividends payable	(993,957)	-
Investment income	(231,689)	(128,386)
Finance costs	3,892,409	2,844,593
Operating profit before changes in operating assets and liabilities	2,605,101	2,876,886
Trade and other receivables	(3,609,516)	432,753
Trade and other payables	(908,929)	(325,074)
	(1,913,344)	2,984,565
Post-employment benefits paid	(81,058)	(12,286)
Net cash flows (used in)/generated from operating activities	(1,994,402)	2,972,279
INVESTMENT ACTIVITY		
Purchase of property, plant and equipment	(139,016)	(106,659)
Purchase of investment measured at fair value through other comprehensive income	(1,063,337)	-
Proceeds from sale of investment properties	14,985,807	-
Proceeds from sale of rights issue	98,132	-
Dividend's income received	133,557	128,386
Net Cash flows generated from investing activity	14,015,143	21,727
FINANCING ACTIVITIES		
Loans and bank facilities	(7,281,390)	(992,132)
Finance costs paid	(2,660,177)	(1,784,559)
Payment of lease liability	(20,401)	(55,736)
Net cash flows used in financing activities	(9,961,968)	(2,832,427)
Net change in cash and cash equivalents	2,058,773	161,579
Foreign currency translation adjustments	(45,281)	(189,545)
Cash and cash equivalents as at the beginning of the period	1,723,237	974,012
Cash and cash equivalents as at the end of the period	3,736,729	946,046

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. COMPANY'S INCORPORATIONS

Al-Arabiya Real Estate Company K.S.C.P. the "Parent Company" was established in the State of Kuwait on 21 September 1976 and is listed in Boursa Kuwait for securities. The head office of the Parent Company is located at Sharq, Ahmed Al-Jaber St., Emad Commercial Center, State of Kuwait.

The main objectives of the Parent Company are:

- ▶ Carrying out various real estate commercial activities including procurement, sale of investments in lands and properties, managing properties for others, undertaking contracting activities and trading in all materials related to construction or required for it.
- ▶ Setting up commercial markets, tourism, sport and entertainment facilities.
- ▶ Constructing, acquiring and managing hotels and its tourism activities.
- ▶ Managing real estate portfolios for the Parent Company only and investment in the shares and projects of other companies whose activities are similar to the Parent Company's activities, establish and manage real estate investment funds only, and use the available financial surplus of the Parent Company for investment in financial and real estate portfolios managed by specialized companies.

The Parent Company is a subsidiary of Bukhamseen Group Holding Company K.S.C. (Holding) (the "Ultimate Parent Company").

This interim condensed consolidated financial information includes the financial information of the Parent Company and its wholly owned subsidiaries and Hotels (together referred to as "the Group") as follows:

	Incorporation country	Activity	Legal entity	30 September 2023	Ownership (%) 31 December 2022	30 September 2022
Holiday Inn Hotel	Kuwait	Services	Hotel	100	100	100
AREC Properties Company Limited	UAE	Real estate	L.L.C.	100	100	100

The interim condensed consolidated financial information for the nine-months ended 30 September 2023 was authorized for issuance by the Board of Directors on 14 November 2023.

2. GOING CONCERN BASIS OF ACCOUNTING

The Group has generated profit with KD 1,600,485 for the period ended 30 September 2023 (30 September 2022: Loss of KD 414,432) Retained earnings of KD 1,600,485 (31 December 2022: Accumulated losses of KD 19,309,838). Furthermore, The group fell out of compliance with the loan agreement regarding the repayment of loan installment amount to KD 19,788,803 to Kuwaiti bank, according to the cross-default term to the loan contract, the entire loan balance with an amount of KD 71,098,838 become past due which resulted current liabilities exceed current assets by KD 78,117,814 (31 December 2022: KD 43,204,215 and 30 September 2022: KD 83,152,607).

Management acknowledges that uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its banking facilities as they fall due. However, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that loan repayments will be met out of operating cash flows or sale properties at their market values. The extraordinary general assembly meeting held on 19 April 2023 approved the amortization of the accumulated loss (note 20) and the Group's management started negotiations with credit banks to reschedule the outstanding loan balance. The main shareholders of the Parent Company continue to provide and arrange financial support (as necessary) to enable the Group to meet its financial obligations as they fall due.

The interim condensed consolidated financial information have been prepared on a going concern basis, which assumes that the Group will be able to restructure its debt with the banks and meet the mandatory repayment terms of the banking facilities as disclosed in (Note 11) to the interim condensed consolidated financial information. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realize its assets and discharge its liabilities in the normal course of business at the amounts stated in the interim condensed consolidated financial information but the Group is confident of the successful outcome of negotiations with the banks. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Notwithstanding with the above facts, the interim condensed consolidated financial information have been prepared on a going concern basis as the Parent Company's Board of Directors, representing the major shareholders, are confident to meet the Group's liabilities as and when they become due.

The interim condensed consolidated financial information do not include any adjustments relating to the recoverability and classification of recorded assets amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional and reporting currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete consolidated financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the nine-months period ended 30 September 2023 are not necessarily indicative of results that may be expected for the year ending 31 December 2023. For further information, refer to the consolidated financial statements issued under IFRSs and its related notes for the year ended 31 December 2022.

3.2 Summary changes in significant accounting policies

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, the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2023 and which did not result in any material impact on the interim condensed consolidated financial information of the Group.

4. FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities are determined as follows:

- ▶ Level one: Quoted prices in active markets for identical assets or liabilities.
- ▶ Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- ▶ Level three: valuation techniques that are not based on observable market data.

The table below gives information about how the fair values of the significant assets are determined:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/9/2023	31/12/2022	30/9/2022				
<u>Investments at fair value through OCI</u>							
Quoted shares	7,832,782	8,704,491	8,223,462	1	Last Bid prices	-	-
Unquoted shares	1,340,594	1,275,359	1,071,302	3	Peer market price to book value of similar companies in the same industry	Peer market price to book value factor and discount for lack of market availability	Changes in market multiple and discount rate will result in change in fair values
<u>Investment properties</u>							
Properties outside Kuwait	23,598,337	35,554,582	36,499,098	2	Prices for identical assets in market	-	-
Properties inside Kuwait	72,500,000	74,020,000	70,810,000	3	Income approach using capitalization rate	Income / capitalization rate	Changes in capitalization rate will result in change in fair value

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The movement in Level 3 fair value hierarchy during the period/year is given below:

	30 September 2023	31 December 2022	30 September 2022
As at 1 January	1,275,359	1,479,073	1,479,073
Unrealized gain / (loss)	65,235	(203,714)	(407,771)
As at 30 September /31 December	1,340,594	1,275,359	1,071,302

The fair value of other financial assets and financial liabilities approximately equal its book value as at the interim condensed consolidated financial information date.

5. INVESTMENTS PROPERTIES

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Properties inside Kuwait	72,500,000	74,020,000	70,810,000
Properties outside Kuwait	23,598,337	35,554,582	36,499,098
	96,098,337	109,574,582	107,309,098

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Balance as of 1 January	109,574,582	106,332,647	106,332,647
Disposals	(13,736,517)	(689,349)	-
Unrealized gain from valuation	-	3,486,780	-
Foreign currency translation	260,272	444,504	976,451
Balance as at 30 September / 31 December	96,098,337	109,574,582	107,309,098

Certain investment properties are pledged against loans and bank facilities granted to the Group (Note 10).

During the current period, the Group sold properties outside Kuwait with carrying value amounted to KD 12,216,517 which resulted in gain from sale amounted to KD 1,019,290 recorded in the interim condensed consolidated statement of income, the related receivable from the sale amounted to KD 3,542,371 as at 30 September 2023 (KD nil as at 31 December 2022). Also, the Group had signed initial agreements to sell properties outside of Kuwait with a carrying value amounted to KD 2,798,239 an advance from sale have been received from the respective buyers with an amount of KD 1,787,480 as of 30 September 2023 (KD 2,161,747 as at 31 December 2022) "note 12", the sales of such property is expected to be recognized in the year 2023 upon the satisfaction of the performance obligation and the buyer obtain control over the properties

During the current period local property has been sold with carrying value of KD 1,520,000 and gain from sale with an amount KD 230,000 has been recognized in the interim condensed consolidated statement of income for the period ended 30 September 2023

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Quoted Shares	7,832,782	8,704,491	8,223,462
Unquoted Shares	1,340,594	1,275,359	1,071,302
	9,173,376	9,979,850	9,294,764

The fair value of the financial assets at fair value through other comprehensive income was determined as per the valuation bases disclosed in Note 4.

Financial assets at fair value through other comprehensive income represents shares in related parties companies whose activities are not similar to the Parent Company's activities

Financial assets at fair value through other comprehensive income amounting to KD 6,041,601 as at 30 September 2023 (31 December 2022: KD 6,794,755 and 30 September 2022: KD 6,140,214) are pledged against loans and bank facilities (Note 10).

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Certain financial assets at fair value through other comprehensive income amounting to KD 37,197 as at 30 September 2023 (31 December 2022: KD 46,188 and 30 September 2022: KD 46,662) are registered in the name of nominee on behalf of the Group. The nominees have confirmed in writing that the Group is the beneficial owner of the investments.

7. TRADE AND OTHER RECEIVABLES

	30 September 2023	31 December 2022 (Audited)	30 September 2022 (Restated)
Compensation receivable*	10,057,080	10,057,080	10,057,080
Expected credit loss	(10,057,080)	(10,057,080)	(10,057,080)
Trade receivables	1,671,161	1,473,774	1,413,176
Receivables from sale of investment proprieties (Note 5)	3,542,371	-	-
Advance payment for purchasing of investment properties	626,545	626,545	626,545
Net assets of unconsolidated hotel	308,194	308,194	308,194
Prepaid expenses	96,191	38,699	112,259
Advance payments to contractors	201,450	98,025	168,379
Due from related parties (Note 17)	26,947	497,352	561,338
Other	807,717	628,471	687,314
	7,280,576	3,671,060	3,877,205
Expected credit losses	(2,142,746)	(2,009,885)	(2,034,154)
	5,137,830	1,661,175	1,843,051

* During the year ended 31 December 2022, the Group restated the prior year and recorded an impairment losses of the compensation receivable by KD 7,039,955 based on management's estimates and considering IFRSs requirements. During the current period, the Group's management restated the prior period ended 30 September 2022 with the same amount (note 19).

Below are the movement of the Expected credit loss :

	30 September 2023	31 December 2022 (Restated)	30 September 2022 (Restated)
Balance as at 1 January as previously stated	12,066,965	5,051,279	5,051,279
Prior years restatements (Note.19)	-	7,039,955	7,039,955
Balance as at 1 January (Restated)	12,066,965	12,091,234	12,091,234
Charged /(Reversed) during the period	33,845	(24,269)	-
Foreign currency adjustments	99,016	-	-
Balance as at 30 September/31 December	12,199,826	12,066,965	12,091,234

8. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Cash on hand	14,065	14,030	14,089
Bank balances	1,406,688	1,293,277	509,905
Fixed deposits	2,315,976	415,930	422,052
	3,736,729	1,723,237	946,045

9. SHAREHOLDERS EQUITY

9.1 Share capital

During the current period the parent company extraordinary general assembly meeting has been held on 19 April 2023 and approved reduction of authorized, issued and paid up capital from KD 50,984,499 distributed over 509,844,986 shares of 100 Fills to KD 36,920,973 distributed over 369,209,730 shares of 100 fills each (note 20). This reduction has been remarked on commercial register on 4 May 2023 .

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9.2 Treasury shares

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Number of shares (share)	3,349,160	4,619,962	4,619,962
Cost of treasury shares (KD)	714,784	714,784	714,784
Percentage to issued shares (%)	0.91	0.91	0.91
Market value (KD)	170,807	115,499	129,316

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

During the current period, treasury shares number of 1,270,802 shares decreased due to the decrease of capital (note 9.1).

10. OTHER RESERVES

	Treasury shares reserve	Cumulative change in fair value reserve	Foreign currency translation reserve	Total
Balance as at 1 January 2022	1,098,372	499,786	339,665	1,937,823
Change in fair value of Financial assets at fair value through other comprehensive income	-	(607,886)	-	(607,886)
Foreign currency translation adjustment	-	-	786,906	786,906
Other comprehensive (loss)/income for the period	-	(607,886)	786,906	179,020
Balance as at 30 September 2022	1,098,372	(108,100)	1,126,571	2,116,843
Balance as at 1 January 2023	1,098,372	576,986	684,941	2,360,299
Change in fair value of financial assets at fair value through other comprehensive income	-	(1,869,812)	-	(1,869,812)
Foreign currency translation adjustment	-	-	115,976	115,976
Other comprehensive (loss)/income for the period	-	(1,869,812)	115,976	(1,753,836)
Balance as at 30 September 2023	1,098,372	(1,292,826)	800,917	606,463

11. LOANS AND BANK FACILITIES

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Non- current portion			
Loans and bank facilities	4,031,778	53,536,554	6,230,781
Current portion			
Loans and bank facilities	82,564,057	39,112,411	86,997,113
	86,595,835	92,648,965	93,227,894
	30 September 2023	31 December 2022 (Audited)	30 September 2022
Current Portion			
Bank overdraft	-	420,578	129,611
Loan from Kuwaiti Bank (due)	71,098,838	26,926,300	75,012,568
Loan from local company in Kuwait	336,965	334,524	332,937
Loan from UAE Bank (due)	11,128,254	11,015,592	11,104,274
Loan from UAE Bank	-	415,417	417,723
	82,564,057	39,112,411	86,997,113
Non - current Portion			
Loan from Kuwaiti Bank (Due)	-	47,500,000	-
Loan from a UAE Bank	4,031,778	6,036,554	6,230,781
	4,031,778	53,536,554	6,230,781
	86,595,835	92,648,965	93,227,894

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

- 11.1** During the current period, The group fell out of compliance with the loan agreement regarding the repayment of loan installment amount to KD 19,788,803 to a Kuwaiti bank, according to the cross-default term to the loan agreement the entire loan balance with an amount of KD 71,098,838 has become past due, consequently it has been classified as current liability in the Interim Condensed Consolidated Statement of Financial Position. Currently the management is negotiating with the bank to reschedule the outstanding due loan balance.

Loan and bank facilities includes accrued finance cost of KD 2,652,973 as of 30 September 2023. (KD 1,424,713 as of 31 December 2022 and KD 2,020,313 as of 30 September 2022)

- 11.2** During previous years, loan instalments and related finance costs of a UAE bank were past due and unpaid. The bank filed a legal case against the Parent Company during the year ended 31 December 2012. During the fourth quarter of 2019, Sharjah Court issued the appeal judgement which obligate the Group to pay an amount of AED 115 Million (approximately KD 9.7 Million as at 30 September 2023) and transfer the title deed of the hotel to the bank, in addition to payment of legal interest of 5% per annum from the date of the lawsuit was filled till settlement date. The Group recognized legal interests due for the period from the date of the lawsuit was filed till 30 September 2023, by approximately KD 1.5 Million as at 30 September 2023 (KD 1.4 million as at 31 December 2022, KD 1.4 million as at 30 September 2022) and the hotel title deed was transferred to the bank during prior years.

- 11.3** Loans and bank facilities are granted from local and foreign banks with annual interest rates 2.5% over the Central Bank of Kuwait discount rate for local loans and annual interest rates 3% over EIBOR for non-local banks.

- 11.4** Loans and bank facilities are granted against pledging the following assets:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Property, plant and equipment	13,373,650	13,714,231	13,827,760
Investment properties	77,539,723	82,858,513	79,778,594
Financial assets at fair value through other comprehensive income (Note 6)	6,041,601	6,794,755	6,140,214
	<u>96,954,974</u>	<u>103,367,499</u>	<u>99,746,568</u>

12. TRADE AND OTHER PAYABLES

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Trade payables	651,656	466,072	599,987
Advances from sale of investment property (Note 5)	1,787,480	2,161,747	-
Due to related parties (Note 16)	-	604,579	661,750
Dividends payables	-	993,957	993,957
Accrued expenses and leaves	383,332	618,329	532,654
Refundable deposits	1,020,616	881,001	991,154
Customer advances	542,217	517,649	452,546
Lease liabilities	255,957	364,185	364,185
Kuwait Foundation for the Advancement of Science	69,748	55,070	55,070
National Labor Support Tax	61,532	80,037	22,871
Zakat payable	17,570	24,887	5,051
Provision for claims	188,026	1,172,854	1,994,442
Other payables	298,696	384,363	285,149
	<u>5,276,830</u>	<u>8,324,730</u>	<u>6,958,816</u>

The Group collected an amount of KD 1,787,480 as advance as at 30 September 2023 (KD 2,161,747 as at 31 December 2022) from selling investment properties outside Kuwait (note 5). Such properties will be disposed and sale revenue shall be recognized upon satisfaction of the performance obligation and transfer of control over the properties to the buyer.

Provision of claims amounted to KD 1,037,394 was reversed during the current period, taken into consideration legal consultant opinion.

During the current period, the Management of the Parent Company wrote off dividends payable to previous shareholders amounting to KD 993,957 in the Interim Condensed Consolidated Statement of Income due to abandoning of the right to claim thereof based on advice of the Group's external legal consultant.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. INVESTMENT INCOME

	30 September 2023	30 September 2022
Dividends income	133,557	128,386
Gain on sale rights issue	98,132	-
	<u>231,689</u>	<u>128,386</u>

14. OTHER INCOME

	30 September 2023	30 September 2022
Closed dividends payable (Note 12)	993,957	-
Other income	193,262	262,135
	<u>1,187,219</u>	<u>262,135</u>

15. EARNING/ (LOSSES) PER SHARE

Basic earnings(Losses) per share are computed by dividing net profit(Loss) for the period by the weighted average number of ordinary shares outstanding during the period, which is determined based on the outstanding number of issued share capital during the period less treasury shares. How the earnings per shares are calculated is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Net profit/ (loss) for the period (KD)	97,726	(423,211)	1,600,485	(414,432)
Weighted average number of outstanding shares (share)	365,860,570	365,860,570	365,860,570	365,860,570
Earning/ (Loss) per share (fills)	<u>0.27</u>	<u>(1.16)</u>	<u>4.37</u>	<u>(1.13)</u>

Both basic and diluted earnings per share are equal since the Parent Company does not have diluted outstanding instruments.

The earning per share for the current period and comparative figures was amended taking into consideration the extraordinary general assemble decision to decrease the authorized, issued and paid up capital to amortize the accumulated losses (note 20).

16. SEGMENT INFORMATION

The main activity of the Group represents the real estate commercial activities such as purchase and sale of lands and properties and investing them and managing properties for others. In addition, the Group invests its financial surpluses by investing directly in the share capital of the companies and financial portfolios managed by specialized parties and companies.

The segments of the Group, which are presented to the management, are represented in the following:

- Real estate: which represents all activities related to real estate including investment properties.
- Hotels: which represents all activities related to establishment, acquiring and managing hotels.
- Investment: which represents all activities related to investing in shares and share capital of the companies.

The following table presents the information about revenues, expenses, finance costs, profit (loss), assets and liabilities for each segment:

	Divisions activity as at 30 September 2023				
	Real estate	Hotels	Investment	Unallocated	Total
Revenues	3,333,210	3,462,198	133,557	2,518,864	9,447,829
Expenses	(502,072)	(2,242,482)	-	(1,210,381)	(3,954,935)
Finance costs	(3,596,124)	-	(36,965)	(259,320)	(3,892,409)
Segment's profit / (loss)	<u>(764,986)</u>	<u>1,219,716</u>	<u>96,592</u>	<u>1,049,163</u>	<u>1,600,485</u>
Assets	<u>96,098,336</u>	<u>14,289,599</u>	<u>10,021,890</u>	<u>8,847,726</u>	<u>129,257,551</u>
Liabilities	<u>71,098,881</u>	<u>11,390,801</u>	<u>336,965</u>	<u>9,369,765</u>	<u>92,196,412</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Divisions activity as at 31 December 2022 (audited)					
	Real estate	Hotels	Investment	Unallocated	Total
Assets	109,574,582	15,436,672	10,828,364	2,683,563	138,523,181
Liabilities	81,968,192	12,383,996	2,025,422	4,931,081	101,308,691

Divisions activity as at 30 September 2022 (Restated)					
	Real estate	Hotels	Investment	Unallocated	Total
Revenues	3,633,698	3,242,808	128,386	206,890	7,211,782
Expenses	(573,674)	(3,176,335)	-	(1,031,612)	(4,781,621)
Finance costs	(2,844,593)	-	-	-	(2,844,593)
Segment's profit / (loss)	215,431	66,473	128,386	(824,722)	(414,432)
Assets	100,269,143	15,456,312	10,774,981	8,514,101	135,014,537
Liabilities	81,546,642	12,932,995	1,326,907	4,711,966	100,518,510

17. RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Those transactions were conducted in the ordinary course of business and with the usual terms and conditions. Transactions with related parties are subject to the approval of the General Assembly of Shareholders. The table below shows the volume and nature of those transactions during the period and the related balances:

Interim condensed consolidated statement of income:

Transactions	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Finance costs on loans and bank facilities				
Dividend income	-	-	124,674	119,879
Gain on sale rights issue	-	-	98,132	-
Finance costs on loans and bank facilities	2,269	1,429	7,441	7,413
Hotel Expense:				
Marketing fees	14,707	-	112,490	24,537
Management fees	9,632	9,890	53,480	47,521
Reservation fees	3,714	10,259	13,713	12,269
Holidex fees	3,612	3,303	10,274	9,835
Rental income	27,362	34,449	82,675	94,347
Compensation of key management personnel				
Salaries and remunerations	72,000	48,000	168,000	144,000
End of service benefits	6,058	6,058	7,788	7,788

Interim condensed consolidated statement of financial position:

	30 September 2023	31 December 2022 (audited)	30 September 2022
Balances			
Due from related parties (Note 7)	26,947	497,352	561,338
Due to related parties (Note 12)	-	604,579	661,750
Financial assets at fair value through other comprehensive income	7,419,393	7,399,424	7,258,178
Loans and bank facilities (Note 11)	336,965	334,524	332,937

18. CONTINGENT LIABILITIES

	30 September 2023	31 December 2022 (audited)	30 September 2022
Letters of Guarantee	24,591	24,591	24,591

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. PRIOR YEARS RESTATEMENTS

During the year ended 31 December 2022 (last year), the followings errors were identified by Management and the comparative figures were restated retrospectively in accordance with the requirements of IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting policies, Changes in Estimates and Errors."

- During the previous years, Group's share in results of the associate "Sharm Dream for Real Estate Development Company" for the period from 1 January 2019 till the date of classification as assets held for sale was not recorded since no financial information of the associate was available for the period. During the last year, the Group recorded its share in losses and other comprehensive loss of the associate for the period from 1 January 2019 till the date of classification of the investment as assets held for sale since the audited financial statements of the associate for the above-mentioned period was available to Management of the Company during last year.
- Trade and other receivable includes an amount of KD 7,039,955 as at 31 December 2021 which represents the net carrying value of a compensation claim due to the Group from Ajman government from 2012. During the last year, management of the Company corrected the error by restating the comparative figures and recorded expected credit losses for the full amount of the compensation claim due in accordance with IFRSs requirements.

The interim condensed consolidated financial information of the period ended 30 September 2022 was issued before management's identification of the above-mentioned errors. During the current period, the comparative figures (30 September 2022) were restated retrospectively to correct the errors.

Impact on the Interim Condensed Consolidated Statement of Financial Position:

	As Previously Stated	Prior years Restatements	Restated
As at 30 September 2022:			
Trade and other receivables	8,883,006	(7,039,955)	1,843,051
Assets held for sale	974,270	(125,756)	848,514
Current assets	10,803,322	(7,165,711)	3,637,611
Total assets	142,180,248	(7,165,711)	135,014,537
Accumulated losses	(14,633,424)	(7,151,421)	(21,784,845)
Reserve related to assets held for sale	(1,337,708)	(14,290)	(1,351,998)
Total equity	41,661,738	(7,165,711)	34,496,027
Total equity and liabilities	142,180,248	(7,165,711)	135,014,537
As at 1 January 2022			
Accumulated losses	(14,218,992)	(7,151,421)	(21,340,413)
Reserve related to assets held for sale	(1,337,708)	(14,290)	(1,351,998)
Total equity	41,897,180	(7,165,711)	34,731,439

There is no impact from the correction of errors identified above on the interim condensed consolidated statements of income, comprehensive income, and cash flows for the Nine months ended 30 September 2022.

20. CAPITAL REDUCTION

During the current period the general assembly meeting of the parent company has been held on 12 April 2023 and approved the consolidated financial statements for the year ended 2022.

The extraordinary general assembly meeting of the parent company has been held on 19 April 2023 and decided to amortize the accumulated losses of KD 19,309,838 as of 31 Dec 2022 as follows:

- An amount of KD 174,732 using voluntary reserve.
- An amount of KD 4,744,392 using statutory reserve.
- An amount of KD 327,188 using share premium.
- An amount of KD 14,063,526 using share capital (Distributed over 140,635,257 shares).