



الشركة العربية العقارية
Al-Arabiya Real Estate Company

**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 three months ended 31 March 2023
(Unaudited)**



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 three months ended 31 March 2023
(Unaudited)

Contents	Page
Independent Auditors' Review Report	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	6-14

**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 31 March 2023, and the related statements of income, comprehensive income, changes in equity and cash flows for the three-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 Condensed Consolidated 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 International Accounting Standard no (34) "Interim Financial Reporting".

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 86,638,260 as at 31 March 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 three-month period ended 31 March 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 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 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.

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2023	31 December 2022 (Audited)	31 March 2022 (Restated Note 16)
ASSETS				
Non-current assets				
Property, plant and equipment		14,594,511	14,735,823	15,057,744
Investment properties	5	106,317,653	109,574,582	106,497,351
Financial assets at fair value through other comprehensive income	6	9,189,097	9,979,850	10,815,725
		<u>130,101,261</u>	<u>134,290,255</u>	<u>132,370,820</u>
Current assets				
Trade and other receivables	7	2,440,050	1,661,175	1,735,008
Cash and cash equivalents		2,315,376	1,723,237	1,413,693
		<u>4,755,426</u>	<u>3,384,412</u>	<u>3,148,701</u>
Assets held for sale		848,514	848,514	848,514
		<u>5,603,940</u>	<u>4,232,926</u>	<u>3,997,215</u>
Total Assets		<u>135,705,201</u>	<u>138,523,181</u>	<u>136,368,035</u>
Equity & Liabilities				
Equity				
Share capital	17	50,984,499	50,984,499	50,984,499
Share premium		327,188	327,188	327,188
Treasury shares	8	(714,784)	(714,784)	(714,784)
Statutory reserve		4,744,392	4,744,392	4,744,392
Voluntary reserve		174,732	174,732	174,732
Other reserves	9	1,518,634	2,360,299	2,840,839
Accumulated losses		(18,501,872)	(19,309,838)	(21,325,010)
		<u>38,532,789</u>	<u>38,566,488</u>	<u>37,031,856</u>
Amount recognized in equity related to asset held for sale		(1,351,998)	(1,351,998)	(1,351,998)
Total equity		<u>37,180,791</u>	<u>37,214,490</u>	<u>35,679,858</u>
Liabilities				
Non-current liabilities				
Post-employment benefits		347,456	334,996	292,837
Loans and bank facilities	10	5,934,754	53,536,554	56,945,969
		<u>6,282,210</u>	<u>53,871,550</u>	<u>57,238,806</u>
Current liabilities				
Trade and other payables	11	7,786,022	8,324,730	7,357,145
Loans and bank facilities	10	84,456,178	39,112,411	36,092,226
		<u>92,242,200</u>	<u>47,437,141</u>	<u>43,449,371</u>
Total liabilities		<u>98,524,410</u>	<u>101,308,691</u>	<u>100,688,177</u>
Total equity and liabilities		<u>135,705,201</u>	<u>138,523,181</u>	<u>136,368,035</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 three months ended 31 March 2023
 (Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2023	2022
REVENUES			
Rental income		1,182,634	1,218,607
Hotel operating income		1,260,091	901,259
Gain from sale of investment properties	5	637,464	-
Provisions no longer required	11	737,393	-
Other income		93,337	81,433
Foreign currency exchange differences		(2,474)	98,471
		<u>3,908,445</u>	<u>2,299,770</u>
EXPENSES			
Investment properties expenses		105,410	156,329
Operating expenses of hotel		958,323	773,432
Staff costs		77,930	58,885
Depreciation		175,413	173,554
Other expenses		457,722	253,850
Finance costs		1,325,681	838,317
		<u>3,100,479</u>	<u>2,254,367</u>
NET PROFIT FOR THE PERIOD		<u>807,966</u>	<u>45,403</u>
BASIC AND DILUTED EARNING PER SHARE (FILS)	12	<u>2.21</u>	<u>0.12</u>

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

**Interim Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2023	2022
NET PROFIT FOR THE PERIOD		807,966	45,403
<u>Other comprehensive income / (loss) items:</u>			
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of income:</i>			
Foreign currency translation adjustment	9	<u>(50,912)</u>	<u>(10,059)</u>
		<u>(50,912)</u>	<u>(10,059)</u>
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>			
Change in fair value of financial assets at fair value through other comprehensive income	9	<u>(790,753)</u>	913,075
Other comprehensive (loss) / income for the period		<u>(841,665)</u>	903,016
Total comprehensive (loss) / income for the period		<u>(33,699)</u>	948,419

Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 9)	(Accumulated losses) / retained earnings	Total	Reserve 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 16)	-	-	-	-	-	-	(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	-	-	-	-	-	-	45,403	45,403	-	45,403
Other comprehensive income for the period	-	-	-	-	-	903,016	-	903,016	-	903,016
Total comprehensive income for the period	-	-	-	-	-	903,016	45,403	948,419	-	948,419
Balance as at 31 March 2022 (Restated)	50,984,499	327,188	(714,784)	4,744,392	174,732	2,840,839	(21,325,010)	37,031,856	(1,351,998)	35,679,858
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	-	-	-	-	-	-	807,966	807,966	-	807,966
Other comprehensive loss for the period	-	-	-	-	-	(841,665)	-	(841,665)	-	(841,665)
Total comprehensive loss for the period	-	-	-	-	-	(841,665)	807,966	(33,699)	-	(33,699)
Balance as at 31 March 2023	50,984,499	327,188	(714,784)	4,744,392	174,732	1,518,634	(18,501,872)	38,532,789	(1,351,998)	37,180,791

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

**Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Three months ended 31 March	
	2023	2022
Cash flows from operating activities		
Net Profit for the period	807,966	45,403
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation	175,413	173,554
Gain from sale of investment property	(637,464)	-
Provision no longer required	(737,393)	-
Post-employment benefits	12,460	2,132
Finance costs	1,325,681	838,317
Operating profit before changes in operating assets and liabilities	946,663	1,059,406
Trade and other receivables	(778,875)	540,795
Trade and other payables	206,899	(71,257)
Net cash flows generated from operating activities	374,687	1,528,944
INVESTMENT ACTIVITY		
Purchase of property, plant and equipment	(34,101)	-
Proceeds from sale of investment properties	3,920,564	-
Dividend's income received	-	(43,163)
Net Cash flows generated from/ (used in) investing activity	3,886,463	(43,163)
FINANCING ACTIVITIES		
Loans and bank facilities	(2,258,033)	(127,755)
Finance costs paid	(1,325,681)	(836,331)
Payment of lease liability	(8,214)	(10,200)
Net cash flows used in financing activities	(3,591,928)	(974,286)
Net change in cash and cash equivalents	669,222	511,495
Foreign currency translation adjustments	(77,083)	(71,814)
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	2,315,376	1,413,693

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 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	31 March 2023	Ownership (%) 31 December 2022	31 March 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 three-month ended 31 March 2023 was authorized for issuance by the Board of Directors on 14 May 2023

2. GOING CONCERN BASIS OF ACCOUNTING

The Group has generated profit with KD 807,966 for the period ended 31 March 2023 (31 March 2022: gain of KD 45,403) accumulated losses of KD 18,501,872 (31 December 2022: KD 19,309,838). Furthermore, loan installments with an amount of KD 21.8 million was past due and not paid, according to the cross default term to the loan contract, the entire loan balance with an amount of KD 72,846,805 become past due which resulted current liabilities exceed current assets by KD 86,638,260 (31 December 2022: KD 43,204,215 and 31 March 2022: KD 39,452,156).

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 17) 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 10 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.

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.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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 three-month period ended 31 March 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 applied in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the amendments and annual improvements to IFRS relevant to the Group which are effective as of 1 January 2023 and which did not result in any material impact on the these interim condensed consolidated financial information of the Group.
- ▶ The Group has not early adopted any standards that are not modified or amendments that had been issued but is not yet effective.

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:

	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)
	31 March 2023	31 December 2022	31 March 2022		
Equity instruments designated as FVTOCI					
Quoted shares	8,055,997	8,704,491	9,336,652	Level 1	Last bid price
Unquoted shares	1,133,100	1,275,359	1,479,073	Level 3	Market Multiplier
	<u>9,189,097</u>	<u>9,979,850</u>	<u>10,815,725</u>		

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

	31 March 2023	31 December 2022	31 March 2022
As at 1 January	1,275,359	1,479,073	1,479,073.
Unrealized gain / (loss)	(142,259)	(203,714)	-
As at 31 March /31 December	<u>1,133,100</u>	<u>1,275,359</u>	<u>1,479,073</u>

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

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investments properties	31 March 2023	31 December 2022 (Audited)	31 March 2022
	Properties inside Kuwait	74,020,000	74,020,000
Properties outside Kuwait	32,297,653	35,554,582	35,687,351
	<u>106,317,653</u>	<u>109,574,582</u>	<u>106,497,351</u>
	31 March 2023	31 December 2022 (Audited)	31 March 2022
Balance as of 1 January	109,574,582	106,332,647	106,332,647
Disposals	(3,283,100)	(689,349)	-
Unrealized gain from valuation	-	3,486,780	-
Foreign currency translation	26,170	444,504	164,704
Balance as at 31 March / 31 December	<u>106,317,652</u>	<u>109,574,582</u>	<u>106,497,351</u>

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 of KD 3,283,100, which resulted in gain from sale amounted to KD 637,464 recorded in the interim condensed consolidated statement of income.

6. Financial assets at fair value through other comprehensive income

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Quoted Shares	8,055,997	8,704,491	9,336,652
Unquoted Shares	1,133,100	1,275,359	1,479,073
	<u>9,189,097</u>	<u>9,979,850</u>	<u>10,815,725</u>

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 5,797,360 as at 31 March 2023 (31 December 2022: KD 6,794,755 and 31 March 2022: KD 7,552,422) are pledged against loans and bank facilities (Note 10).

Certain financial assets at fair value through other comprehensive income amounting to KD 44,056 as at 31 March 2023 (31 December 2022: KD 46,188 and 31 March 2022: KD 49,649) 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.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Trade and other receivables	31 March 2023	31 December 2022 (Audited)	31 March 2022 (Restated Note 16)
Non-current			
Receivables for sale of investments properties			
Current			
Compensation receivables*	10,057,080	10,057,080	10,057,080
Provision for impairment	(10,057,080)	(10,057,080)	(10,057,080)
	-	-	-
Receivables for sale of unused properties	2,694,572	1,473,774	1,381,997
Advances for purchasing of investment properties	626,545	626,545	626,545
Net assets of unconsolidated hotel	308,194	308,194	308,194
Prepaid expenses	46,881	38,699	99,371
Advance payments to contractors	153,644	98,025	68,252
Staff receivables	4,259	4,559	5,159
Due from related parties (Note 14)	4,484	497,352	668,288
Other	605,412	623,912	611,356
	4,443,991	3,671,060	3,769,162
Expected credit losses	(2,003,941)	(2,009,885)	(2,034,154)
	2,440,050	1,661,175	1,735,008

* 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 IFRS requirements. During the current period, the Group's management restated the prior period ended 31 March 2022 with the same amount (note 16).

Below are the movement of the Expected credit loss :

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Balance as at 1 January as previously stated	12,066,965	12,091,234	5,051,279
Prior years restatements (Note.16)	-	-	7,039,955
Balance as of 1 January restated	12,066,965	12,091,234	12,091,234
Reversal	(5,944)	(24,269)	-
Balance as at 31 March 2023	12,061,021	12,066,965	12,091,234

8. Treasury shares

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Number of shares (share)	4,619,962	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)	147,838	115,499	153,845

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

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. 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	-	913,075	-	913,075
Foreign currency translation adjustment	-	-	(10,059)	(10,059)
Other comprehensive income (loss) for the period	-	913,075	(10,059)	903,016
Balance as at 31 March 2022	1,098,372	1,412,861	329,606	2,840,839
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	-	(790,753)	-	(790,753)
Foreign currency translation adjustment	-	-	(50,912)	(50,912)
Other comprehensive loss for the period	-	(790,753)	(50,912)	(841,665)
Balance as at 31 March 2023	1,098,372	(213,767)	634,029	1,518,634

10. Loans and bank facilities

	31 March 2023	31 December 2022 (Audited)	31 March 2022
<u>Current Portion</u>			
Bank overdraft	115,153	420,578	4,331
Loan from Kuwaiti Bank (due)	72,846,805	26,926,300	24,538,140
Loan from local company in Kuwait	337,452	334,524	328,483
Loan from a UAE Bank (due)	11,050,324	11,015,592	10,824,006
Loan from a UAE Bank	106,444	415,417	397,266
	84,456,178	39,112,411	36,092,226
<u>Non - current Portion</u>			
Loan from Kuwaiti Bank	-	47,500,000	50,544,645
Loan from a UAE Bank	5,934,755	6,036,554	6,401,324
	5,934,755	53,536,554	56,945,969
	90,390,933	92,648,965	93,038,195

10.1 During the current period, the Group defaulted in the payment of part of an instalment amounting to KD 21.8million to a Kuwaiti bank, according to the cross-default term to the loan contract the entire loan balance with an amount of KD 72,846,805 has become past due and classified as current liability. Currently the management is negotiating with the bank to reschedule the outstanding due loan balance.

10.2 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 9.6 Million as at 31 March 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 31 March 2023, by approximately KD 1.5 Million as at 31 March 2023 (KD 1.4 million as at 31 December 2022, KD 1.2 million as at 31 march 2022) and the hotel title deed was transferred to the bank during prior years.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

10.3 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.

10.4 These loans are granted to the Group against pledge of the following assets:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Property, plant and equipment	13,600,704	13,714,231	14,054,814
Investment properties	81,438,800	82,858,513	79,308,238
Financial assets at fair value through other comprehensive income (Note 6)	5,797,360	6,794,755	7,522,422
	<u>100,836,864</u>	<u>103,367,499</u>	<u>100,885,474</u>

11. TRADE AND OTHER PAYABLES

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Advances from sale of investment property	2,498,919	2,161,747	-
Provision for claims	477,227	1,172,854	2,079,096
Trade payables and customer advance payments	1,204,718	983,721	1,031,363
Due to related parties (Note 14)	317,276	604,579	856,688
Dividends payables	993,957	993,957	993,957
Accrued expenses and leaves	583,871	618,329	465,920
Refundable deposits	873,238	881,001	1,253,219
Lease liabilities	355,971	364,185	380,613
Kuwait Foundation for the Advancement of Science	55,070	55,070	55,070
National Labor Support Tax	80,037	80,037	22,871
Zakat payable	24,887	24,887	5,052
Other payables	320,851	384,363	213,296
	<u>7,786,022</u>	<u>8,324,730</u>	<u>7,357,145</u>

The Group collected an amount of KD 2,498,919 as advance as at 31 March 2023 (KD 2,161,747 as at 31 December 2022) from selling investment properties outside Kuwait. 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 KD 737,393 was reversed during the current period, taken into consideration legal consultant opinion.

12. EARNINGS PER SHARE

Basic earnings per share are computed by dividing net profit 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 31 March	
	2023	2022
Net profit for the period (KD)	807,966	45,403
Weighted average number of outstanding shares (share)	365,864,131	365,864,131
Diluted earnings per share (fils)	2.21	0.12

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 by 140,635,257 shares to amortize the accumulated losses (note 17).

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. 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, assets and liabilities for each segment:

Divisions activity as at 31 March 2023					
	Real estate	Hotels	Investment	Unallocated	Total
Revenues	1,877,493	1,212,153	-	818,799	3,908,445
Expenses	(105,410)	(1,264,773)	-	(404,615)	(1,774,798)
Finance costs	(1,325,681)	-	-	-	(1,325,681)
Segment's profit / (loss)	446,402	(52,620)	-	414,184	807,966
Assets	106,729,114	14,401,938	10,037,611	4,536,538	135,705,201
Liabilities	75,917,594	10,999,840	1,931,409	9,675,567	98,524,410
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 31 March 2022					
	Real estate	Hotels	Investment	Unallocated	Total
Revenues	1,218,607	901,259	-	179,904	2,299,770
Expenses	(156,329)	(946,986)	-	(312,735)	(1,416,050)
Finance costs	(825,602)	-	-	(12,715)	(838,317)
Segment's profit / (loss)	236,676	(45,727)	-	(145,546)	45,403
Assets (restated)	99,331,640	15,584,835	11,789,995	9,661,565	136,368,035
Liabilities	81,488,440	12,805,702	1,858,640	4,535,395	100,688,177

14. 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 31 March	
	2023	2022
Finance costs on loans and bank facilities	2,959	2,959
Hotel Expense:		
Marketing fees	10,848	7,031
Management fees	19,987	3,516
Reservation fees	5,424	765
Holidex fees	3,290	3,248
Asset management fees		
Compensation of key management personnel		
Salaries and remunerations	48,000	48,000
End of service benefits	2,596	2,596

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023**(Unaudited)***(All amounts are in Kuwaiti Dinar unless otherwise stated)*Interim condensed consolidated statement of financial position:

	31 March 2023	31 December 2022	31 March 2022
Balances			
Due from related parties (Note 7)	4,484	497,352	668,288
Due to related parties (Note 11)	317,276	604,579	856,688
Loans and bank facilities (Note 10)	337,452	334,524	328,483
End of service benefits	279,580	271,304	257,806

15. Contingent liabilities

Letters of Guarantee were contingently liable for a third party with an amount of KD 24,591 as at 31 March 2023 (31 December 2022: KD 24,591 and 31 March 2022: KD 24,591).

16. Prior period 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 31 March 2022 was issued before management's identification of the above-mentioned errors. During the current period, the comparative figures (31 March 2022) were restated retrospectively to correct the errors.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023**(Unaudited)***(All amounts are in Kuwaiti Dinar unless otherwise stated)*

Impact on the Interim Condensed Consolidated Statement of Financial Position:

	As Previously Stated	Prior period Restatements	Restated
As at 31 March 2022:			
Trade and other receivables	8,774,963	(7,039,955)	1,735,008
Assets held for sale	974,270	(125,756)	848,514
Current assets	11,162,926	(7,165,711)	3,997,215
Total assets	143,533,746	(7,165,711)	136,368,035
Accumulated losses	(14,173,589)	(7,151,421)	(21,325,010)
Reserve related to assets held for sale	(1,337,708)	(14,290)	(1,351,998)
Total equity	42,845,569	(7,165,711)	35,679,858
Total equity and liabilities	143,533,746	(7,165,711)	136,368,035
As at 1 January 2022			
Accumulated losses	(14,218,992)	(7,151,421)	(21,370,413)
Reserve related to assets held for sale	(1,337,708)	(14,290)	(1,351,998)
Total equity	41,897,150	(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 three-month period ended 31 March 2022.

17. Subsequent events

The general assembly meeting of the parent company has been held on 12 April 2023 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 decided the followings:

- To amortize 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)
- Decrease the authorized, issued and paid up capital from KD 50,984,499 distributed over 509,844,987 shares to KD 36,920,973 distributed over 369,209,730 shares. The necessary required procedures to implement the changes are in process during the subsequent period.