

**OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait**

**Interim condensed consolidated financial information (Unaudited)
and review report for the three months period ended 31 March 2023**

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated financial information (Unaudited) and review report
For the three months period ended 31 March 2023

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Report on review of interim condensed consolidated financial information

The Board of Directors OSOS Holding Group Company K.P.S.C. State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OSOS Holding Group Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation disclosed in note no. (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. The consolidated financial statements for the year ended 31 December 2022 and the interim condensed consolidated financial information for the three months ending 31 March 2022 were audited and reviewed respectively by another auditor whose audit report expressed a qualified opinion and qualified conclusion on these statements and information on 15 March 2023 and 16 May 2022 respectively.

Scope of review

We conducted our review in accordance with the 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 the basis of preparation disclosed in note no. (2).

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that nothing has come to our attention indicating any contravention during the three months period ended 31 March 2023, of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the provisions of Law No. 7 of year 2010 concerning the Capital Markets Authority, Executive Regulations and its related regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that would materially affect the Group's activities or its consolidated financial position.



Ali Mohammed Kouhari


Licence No.156-A
Member of PRIME GLOBAL


8 May 2023
Kuwait


OSOS Holding Group Company K.P.S.C and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2023

	Notes	31 March 2023 KD	31 December 2022 (Audited) KD	31 March 2022 KD
Assets				
Non-current assets				
Property and equipment		17	17	16
Investment properties	4	11,124,000	11,124,000	10,493,875
Investments in associate		1	1	1
Financial assets at fair value through other comprehensive income	5	<u>400,872</u>	<u>400,872</u>	<u>411,398</u>
Total non-current assets		<u>11,524,890</u>	<u>11,524,890</u>	<u>10,905,290</u>
Current assets				
Debtors and other debit balances	6	45,865	52,809	396,301
Due from related party	7	2,538,877	2,537,827	2,870,977
Financial assets at fair value through profit or loss	8	3,931,729	4,525,779	6,499,865
Wakala investments deposits	9	-	161,000	161,000
Cash and cash equivalents	10	<u>1,581,757</u>	<u>1,219,076</u>	<u>251,597</u>
Total current assets		<u>8,098,228</u>	<u>8,496,491</u>	<u>10,179,740</u>
Total assets		<u>19,623,118</u>	<u>20,021,381</u>	<u>21,085,030</u>
Equity and liabilities				
Equity				
Share capital	11	10,500,000	10,500,000	10,500,000
Statutory reserve		1,243,931	1,243,931	1,124,737
Fair value reserve		44,792	44,792	(370,524)
Retained earnings		<u>629,848</u>	<u>978,215</u>	<u>2,138,269</u>
Total equity		<u>12,418,571</u>	<u>12,766,938</u>	<u>13,392,482</u>
Liabilities				
Non-current liabilities				
Lease contract with promise to purchase – non-current portion	12	1,057,225	1,084,200	1,165,125
Provision for end of service indemnity		<u>244,977</u>	<u>237,371</u>	<u>216,051</u>
Total non-current liabilities		<u>1,302,202</u>	<u>1,321,571</u>	<u>1,381,176</u>
Current liabilities				
Creditors and other credit balances		456,201	513,703	550,108
Lease contract with promise to purchase – current portion	12	134,875	107,900	134,875
Provisions	13	<u>5,311,269</u>	<u>5,311,269</u>	<u>5,626,389</u>
Total current liabilities		<u>5,902,345</u>	<u>5,932,872</u>	<u>6,311,372</u>
Total liabilities		<u>7,204,547</u>	<u>7,254,443</u>	<u>7,692,548</u>
Total equity and liabilities		<u>19,623,118</u>	<u>20,021,381</u>	<u>21,085,030</u>

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


Abdulmuhsen S. Al Meshan
Chairman


Fahad A. Al Mukhaizim
Vice Chairman


Khalid M. AlNouri
Chief Executive Officer

OSOS Holding Group Company K.P.S.C and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of profit or loss (Unaudited)
For the three months period ended 31 March 2023

	Notes	For the three months period ended	
		31 March 2023 KD	31 March 2022 KD
Real estate rental income		112,090	111,430
Real estate operating expenses		<u>(26,608)</u>	<u>(12,869)</u>
Gross profit		85,482	98,561
(Loss) / income from investments	14	(320,892)	804,461
General and administrative expenses		(110,382)	(106,163)
Reversal of provision / (Provision for doubtful debts)		2,587	(15,295)
Loss on foreign currency		(2,447)	(1,529)
Profit on wakala investments deposits		10,193	477
Other income		3,994	574
Finance cost from lease contract with promise to purchase		<u>(16,902)</u>	<u>(13,623)</u>
(Loss) / profit before contribution to KFAS, NLST and Zakat		(348,367)	767,463
Contribution to Kuwait Foundation for Advancement of Science ("KFAS")		-	(6,907)
National Labour Support Tax (NLST)		-	(19,757)
Zakat		-	<u>(7,903)</u>
(Loss) / profit for the period		<u>(348,367)</u>	<u>732,896</u>
Basic and diluted (loss) / earnings per share (Fils)	15	<u>(3.32)</u>	<u>6.98</u>

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

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of comprehensive income (Unaudited)
For the three months period ended 31 March 2023

	For the three months period ended	
	31 March 2023 KD	31 March 2022 KD
(Loss) / profit for the period	<u>(348,367)</u>	<u>732,896</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total (loss) / profit and other comprehensive income for the period	<u>(348,367)</u>	<u>732,896</u>

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

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of changes in equity (Unaudited)
for the three months period ended 31 March 2023

	Share capital KD	Statutory reserve KD	Fair value reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2023	10,500,000	1,243,931	44,792	978,215	12,766,938
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(348,367)</u>	<u>(348,367)</u>
Balance at 31 March 2023	<u>10,500,000</u>	<u>1,243,931</u>	<u>44,792</u>	<u>629,848</u>	<u>12,418,571</u>
Balance at 1 January 2022	10,500,000	1,124,737	(370,524)	1,405,373	12,659,586
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,896</u>	<u>732,896</u>
Balance at 31 March 2022	<u>10,500,000</u>	<u>1,124,737</u>	<u>(370,524)</u>	<u>2,138,269</u>	<u>13,392,482</u>

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

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of cash flows (Unaudited)
For the three months period ended 31 March 2023

	Notes	For the three months period ended	
		31 March 2023 KD	31 March 2022 KD
Cash flows from operating activities			
(Loss) / profit for the period		(348,367)	732,896
Adjustments for:			
Depreciation		-	769
Unrealised loss / (gain) from financial assets at fair value through profit or loss	14	240,669	(640,484)
Realised loss on sale of financial assets at fair value through profit or loss	14	65,377	11,114
Dividend income	14	(5,748)	(182,495)
Profit on wakala investments		(10,193)	(477)
(Reversal of provision) / Provision for doubtful debts		(2,587)	15,295
Provision for indemnity		7,607	7,522
Finance cost from lease contract with promise to purchase		16,902	13,623
Operating loss before changes in working capital		(36,340)	(42,237)
Changes in working capital			
Debtors and other debit balances		14,755	9,945
Due from related parties		(1,050)	(8,086)
Creditors and other credit balances		(74,158)	11,575
Net cash used in operating activities		(96,793)	(28,803)
Cash flows from investing activities			
Net movement of financial assets at fair value through profit or loss		288,004	(2,763,696)
Purchase from property and equipment		-	(770)
Wakala investments deposits		161,000	-
Addition of investment properties		-	(50,375)
Profit on wakala investments deposits received		10,719	-
Net cash (used in) / from investing activities		459,723	(2,814,841)
Cash flows from financing activities			
Payment to shareholders on reduction of share capital		-	(9,254)
Dividends paid		(249)	(4,275)
Net cash from / (used in) financing activities		(249)	(13,529)
Increase / (decrease) in cash and cash equivalents		362,681	(2,857,173)
Cash and cash equivalents at beginning of the period		1,219,076	3,108,770
Cash and cash equivalent at the end of the period	10	1,581,757	251,597
Non-cash transactions:			
Debtors and other debit balances		-	(77,500)
Investment properties		-	77,500

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

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

1. Incorporation and activities

The International Valley for Computer Company K.S.C. (Closed) was incorporated as per articles of association of a Kuwaiti Shareholding Company (Closed) authenticated at the Ministry of Justice- Real Estate Registration and Authentication Department – under ref. No. 17/Volume 284 dated May 16, 1994. According to the decision taken by Ordinary and Extraordinary General Assembly meeting dated 23 May 2007, the company agreed to amend the name of the company to become: “Al-Safat TEC Holding Company – K.S.C. (Holding)” and this amendment was registered in the Commercial Register on 30 May 2007. As per decision made in extra-ordinary meeting held on 30 July 2015, it was agreed to amend company's name to “OSOS Holding Group Company K.P.S.C.”, this amendment was registered in commercial register on 8 September 2015.

As per extra-ordinary general assembly meeting held on 25 October 2018, it was decided to amend the Company’s business objectives as detailed below. These amendments are recorded in the commercial register on 5 November 2018.

The purpose which the Company is incorporated is to conduct its activities in accordance with Islamic Sharia Laws and it is not permitted, in any form or shape, to conduct any of its activities below, directly or indirectly, in a way that contradicts with Islamic Sharia Laws.

1. Manage subsidiary companies or co-manage to those companies where there is equity interest and provide necessary support.
2. Invest funds in trading shares, bond and other financial instruments.
3. Finance or provide loan to those companies where the Parent Company has equity interest and guarantee against others. In this case, the Parent Company’s equity interest should not be less than 20% at minimum.
4. Owning property rights of patents, trade marks, commercial or industrial fees, or any other rights and using and leasing this to subsidiaries or other companies both inside and outside Kuwait.
5. Owning real estate or movables necessary to direct its activity in the limits and in accordance with the law.
6. Using the surplus funds available to the company in portfolio administered by the companies and specialized bodies.

In all cases, the Company is required to conduct all its activities in accordance with Islamic Sharia Law and the Company should stay away from activities that contradicts with Islamic Sharia Law. The Company can obtain guidance from Sharia Compliance Committee and their directive become obligatory on Company’s management.

The address of the Parent Company’s registered office is Hawalli, Beirut Street, Al Safat Tower, Floor 8, P.O. Box 16798 Qadisiya, 35858 Kuwait.

The interim condensed consolidated financial information for the period ended 31 March 2023, comprise of the Parent Company and its subsidiaries (together referred to as “the group”) (refer note 3).

The interim condensed consolidated financial information of OSOS Holding Group Company K.P.S.C. and its subsidiaries (“the Group”) for the period ended 31 March 2023 was authorized for issue by Board of Directors of the Parent Company on 8 May 2023.

2. Basis of preparation

The interim condensed consolidated financial information is prepared in accordance with IAS 34 *“Interim Financial Reporting”*. The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2022. In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information.

The operating results for the three month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

The interim condensed consolidated financial information have been presented in Kuwaiti Dinars, which is the functional currency of the Group.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

2. Basis of preparation (continued)

The accounting policies used in the preparation of the 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. Certain amendments and interpretations apply for the first time on 1 January 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

New standards, interpretations and amendments adopted by the Group

IFRS 17: Insurance Contracts

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023, and replaces IFRS 4: Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of establishments they are issued to, and it also applies to some guarantees and financial instruments with voluntary participation characteristics. The core of IFRS 17 is in generic form, in addition to:

- Special application for contracts with the characteristics of direct voluntary participation (the variable fee method).
- Simplified approach (the premium allocation method) mainly for short term contracts.

Early application is permitted provided that the Company also applies IFRS 9 and IFRS 15 on or before the date on which it first applies IFRS 17.

3. Basis of consolidation

This interim condensed consolidated financial information for the three months ended 31 March 2023 includes the Parent Company and all its subsidiaries.

Details of principal operating subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership interest (%)</u>		
		31 March 2023	31 December 2022	31 March 2022
OSOS Limited Company for Sale and Purchase of Real Estate and Shares for the Benefit of the Company O.P.C.	State of Kuwait	100	100	100
OSOS United Real Estate Group Company K.S.C. (Closed)	State of Kuwait	99	99	99

4. Investment properties

Investment properties represent buildings on free hold land and buildings on leasehold land located in State of Kuwait. The details of investment properties are as follows:

	31 March 2023	31 December 2022	31 March 2022
	KD	(Audited) KD	KD
*Buildings on freehold land	8,370,000	8,370,000	5,970,000
Freehold land	-	-	1,827,875
Buildings on lease hold land	<u>2,754,000</u>	<u>2,754,000</u>	<u>2,696,000</u>
	<u>11,124,000</u>	<u>11,124,000</u>	<u>10,493,875</u>

* During the previous year, the company completed the official procedures and extracted a document proving ownership as per reorganization project and adding land purchased from the state and merging, issued by the Ministry of Justice - Real Estate Registration Department for each of the real estate built on freehold land in addition to freehold land to become one real estate as per ownership document.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

4. Investment properties (continued)

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Beginning balances	11,124,000	10,366,000	10,366,000
Additions	-	334,625	127,875
Change in fair value	<u>-</u>	<u>423,375</u>	<u>-</u>
	<u>11,124,000</u>	<u>11,124,000</u>	<u>10,493,875</u>

* Investment properties with a carrying value of KD 2,754,000 are pledged against lease contract with promise to purchase (note 12).

5. Financial assets at fair value through other comprehensive income

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Foreign unquoted securities	286,615	286,615	317,961
Local unquoted securities	<u>114,257</u>	<u>114,257</u>	<u>93,437</u>
	<u>400,872</u>	<u>400,872</u>	<u>411,398</u>

The movement of financial assets at fair value through other comprehensive income for the period / year is as follows:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Balance at the beginning of the period / year	400,872	411,398	411,398
Change on fair value reserve	<u>-</u>	<u>(10,526)</u>	<u>-</u>
Balance at the end of the year	<u>400,872</u>	<u>400,872</u>	<u>411,398</u>

Financial assets at fair value through other comprehensive income are acquired with the intention of capital appreciation over a medium to long-term time frame.

The hierarchy for determining and disclosing the fair value of financial assets at fair value through other comprehensive income by valuation techniques are presented in note 16.

6. Debtors and other debit balances

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Receivable from tenants	184,351	187,893	208,931
Refundable deposits	8,640	8,640	8,540
Provision for doubtful debts	<u>(157,908)</u>	<u>(160,620)</u>	<u>(189,302)</u>
	35,083	35,913	28,169
Staff receivables	1,135	1,601	661
Prepaid expenses	-	5,125	3,400
Advance payments	-	-	179,625
Accrued income	9,538	10,061	184,337
Other debit balances	<u>109</u>	<u>109</u>	<u>109</u>
	<u>45,865</u>	<u>52,809</u>	<u>396,301</u>

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

7. Related parties

Related parties primarily comprise of directors, key management personnel, associates, subsidiaries, shareholders and companies of which the Parent Company is principal owner or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the group's management. The following is the summary of significant related party transactions.

	For the three months period ended		
	31 March 2023	31 March 2022	
	KD	KD	KD
Transactions included in the interim condensed consolidated statement of profit or loss:			
Net rental income	3,290		1,050
Management fees for real estate and portfolio investments	(12,740)		(1,921)
Key management personnel compensation :			
Salaries and social insurance	(44,859)		(45,685)
	31 March 2023	31 December 2022	31 March 2022
	KD	(Audited) KD	KD
Balances included in the interim condensed consolidated statement of financial position :			
Due from related parties	<u>2,538,877</u>	<u>2,537,827</u>	<u>2,870,977</u>

8. Financial assets at fair value through profit or loss

	31 March 2023	31 December 2022	31 March 2022
	KD	(Audited) KD	KD
Local managed portfolios	31,844	33,600	58,679
Local quoted shares	3,899,885	4,492,179	6,441,186
Foreign managed portfolios	88,554	88,554	88,554
*Witten off	<u>(88,554)</u>	<u>(88,554)</u>	<u>(88,554)</u>
	<u>3,931,729</u>	<u>4,525,779</u>	<u>6,499,865</u>

*During the previous year, the parent company wrote off the value of financial assets in foreign portfolio classified at fair value through profit or loss in the amount of KD 88,554, as a result of lawsuits filed by the investment company who holds the foreign portfolio against the foreign custodian of the shares subject to write-off due to non-compliance with the implementation of the instructions and conditions and the terms of the contract between them and for not providing periodic reports. The financial impact of these lawsuits cannot be determined up to the date of preparation of this consolidated financial statements.

Local quoted shares amounting to KD 3,899,885 (31 December 2022: KD 4,492,179 and 31 March : KD Nil) managed by a related party under a portfolio management agreement.

The hierarchy for determining and disclosing the fair value of financial assets at fair value through the consolidated statement of profit or loss by valuation techniques are presented in note 16.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

9. Wakala investments deposits

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Wakala investments deposits	<u>-</u>	<u>161,000</u>	<u>161,000</u>

The effective yield rate of the wakala investments deposits is Nil (31 December 2022: 1.50% to 1.75% and 31 March 2022: 1.125% to 1.25%) per annum.

10. Cash and cash equivalents

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Cash on hand	502	1,101	453
Cash at banks	236,712	313,548	232,166
Cash in portfolios	288,543	21,427	18,978
Wakala investments deposits	<u>1,056,000</u>	<u>883,000</u>	<u>-</u>
	<u>1,581,757</u>	<u>1,219,076</u>	<u>251,597</u>

The effective interest rate on wakala investment deposits as at financial position date is between 1.50% to 1.75% (31 December 2022: 3.25% to 4.125% and 31 March 2022: Nil) per annum.

11. Share capital

The company's share capital is KD 10,500,000 (31 December 2022: KD 10,500,000 and 31 March 2022: KD 10,500,000) distributed into 105,000,000 shares (31 December 2022: 105,000,000 shares and 31 March 2022: 105,000,000 shares) each valued at 100 fils and all shares are cash shares.

12. Lease contract with promise to purchase

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Total amount	1,260,646	1,260,646	1,355,250
Less: deferred finance costs	<u>(68,546)</u>	<u>(68,546)</u>	<u>(55,250)</u>
	<u>1,192,100</u>	<u>1,192,100</u>	<u>1,300,000</u>

On 19 October 2021 the subsidiary company (OSOS United Real Estate Group Company K.S.C. (Closed) signed lease contract with promise to purchase with Local Islamic Bank at State of Kuwait. Lease contract with promise to purchase is repaid on maximum period of 12 years at effective cost rate 2.25% per annum above discount rate of Central Bank of Kuwait. The subsidiary company is obligated to deposit the property income or otherwise in the subsidiary company account with the local bank. Also, the subsidiary company undertakes that distribution rate of net profits shall not exceed 75%. Lease contract with promise to purchase is granted against pledged of buildings on leasehold land to a Local Islamic Bank (note 4)

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Non- current portion	1,057,225	1,084,200	1,165,125
Current portion	<u>134,875</u>	<u>107,900</u>	<u>134,875</u>
	<u>1,192,100</u>	<u>1,192,100</u>	<u>1,300,000</u>

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the three months period ended 31 March 2023

13. Provisions

The Group management performed comprehensive study of contingents and commitments that will probably require resource outlays and future cash outflow. Furthermore, the management created provision for probable losses are as follows:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
	KD	KD	KD
Precautionary provision for bank facilities granted to an associate	1,150,793	1,150,793	1,187,225
Provision against due from subsidiary and associate	3,964,095	3,964,095	4,046,403
Precautionary provision for potential estimated financial support from lawsuits of an associate	<u>196,381</u>	<u>196,381</u>	<u>392,761</u>
	<u>5,311,269</u>	<u>5,311,269</u>	<u>5,626,389</u>

Movement in provisions during the year was as follows:

	Precautionary provision for bank facilities, granted to an associate KD	Provision against due from subsidiary and associate KD	Precautionary provision for potential estimated financial support from lawsuits of an associate KD	Total KD
Opening balance	1,150,793	3,964,095	196,381	5,311,269
Closing balance	<u>1,150,793</u>	<u>3,964,095</u>	<u>196,381</u>	<u>5,311,269</u>

14. (Loss) / income from investments

	For the three months period ended	
	31 March 2023 KD	31 March 2022 KD
Unrealised (loss) / gain on financial assets at fair value through profit or loss	(240,669)	640,484
Realised loss on sale of financial assets at fair value through profit or loss	(65,377)	(11,114)
Dividend income	5,748	182,495
Portfolio management fees	<u>(20,594)</u>	<u>(7,404)</u>
	<u>(320,892)</u>	<u>804,461</u>

15. (Loss) / earnings per share attributable to owners of the Parent Company (fils)

(Loss) / earnings per share is calculated by dividing the net (loss) / profit (attributable to owners of the Parent Company) to weighted average number of shares outstanding during the period. The following is the (loss) / profit and weighted average number of shares outstanding during the period which is used to calculate the (loss) / profit per share.

The Parent Company had no outstanding dilutive potential shares.

	For the three months period ended	
	31 March 2023	31 March 2022
(Loss) / profit for the period	(348,367)	732,896
Weighted average number of shares outstanding (No's)	105,000,000	105,000,000
Basic and diluted (loss) / earnings per share (Fils)	(3.32)	6.98

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16. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of fair value through other comprehensive income, due from related parties, accounts receivable and other debit balances, investments at fair value through profit or loss, bank balances and short term deposits. Financial liabilities consist of accounts lease contract with promise to purchase and payable and other credit balances. The fair values of financial instruments are not materially different from their carrying values.

a) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- 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 included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 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).

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 in the statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2023	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	3,844	28,000	31,844
Local quoted securities	3,899,885	-	3,899,885
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	286,615	286,615
Local unquoted securities	-	<u>114,257</u>	<u>114,257</u>
Total	<u><u>3,903,729</u></u>	<u><u>428,872</u></u>	<u><u>4,332,601</u></u>
31 December 2022			
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	5,600	28,000	33,600
Local quoted securities	4,492,179	-	4,492,179
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	286,615	286,615
Local unquoted securities	-	<u>114,257</u>	<u>114,257</u>
Total	<u><u>4,497,779</u></u>	<u><u>428,872</u></u>	<u><u>4,926,651</u></u>

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16. Fair value of financial instruments (continued)

31 March 2022	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	6,179	52,500	58,679
Local quoted securities	6,441,186	-	6,441,186
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	317,961	317,961
Local unquoted securities	-	93,437	93,437
Total	<u>6,447,365</u>	<u>463,898</u>	<u>6,911,263</u>

There have been no transfers between levels 1 & 3 during the reporting period.

Valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out below.

Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuation with marketability discount ranging from 20% to 30%.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

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

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at fair value through profit and loss	Financial assets at fair value through other comprehensive income	Total
	KD	KD	KD
31 March 2023			
Beginning balance	<u>28,000</u>	<u>400,872</u>	<u>428,872</u>
Ending balance	<u>28,000</u>	<u>400,872</u>	<u>428,872</u>
31 December 2022			
Beginning balance	52,500	411,398	463,898
Total gain or loss			
- In profit or loss	(24,500)	-	(24,500)
- Change in fair value reserve	-	(10,526)	(10,526)
Ending balance	<u>28,000</u>	<u>400,872</u>	<u>428,872</u>
31 March 2022			
Beginning balance	<u>52,500</u>	<u>411,398</u>	<u>463,898</u>
Ending balance	<u>52,500</u>	<u>411,398</u>	<u>463,898</u>

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16. Fair value of financial instruments (continued)

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

Financial assets at fair value through other comprehensive income (level 3)

	Profit or loss		Other comprehensive income	
	Increase	Decrease	Increase	Decrease
	KD	KD	KD	KD
31 March 2023				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	1,400	(1,400)	20,044	(20,044)
31 December 2022				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	1,400	(1,400)	20,044	(20,044)
31 March 2022				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	2,625	(2,625)	20,570	(20,570)

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

(i) Quoted securities

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

(ii) Managed portfolios

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices.

(iii) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates or the latest consolidated financial statements or information available on these investments the future financial flows of which are unpredictable.

17. Operating segments

The group's activities represent mainly two segments: real estate activities and investments activities. The group operates mainly in the State of Kuwait and has no other geographical area. For the purpose of presenting the main activities, the management classified its activities as follows:

Real estate activities: Own, sell, purchase real estate and bare lands and develop for the Company's account inside Kuwait and outside Kuwait as well as property management for others. Own, sell, purchase shares and bonds in real estate companies for company's account only. Prepare studies and offer consultations in the field of real estate in varied forms.

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17. Operating segments (continued)

Investment activities: Investing in portfolios and in other companies.

	<u>Real estate activities</u>	<u>Investment activities</u>	<u>Total</u>
	KD	KD	KD
31 March 2023			
Segment revenues	112,684	(309,746)	(197,062)
Segment costs	<u>(68,287)</u>	<u>(83,019)</u>	<u>(151,306)</u>
Segment result	<u>44,397</u>	<u>(392,765)</u>	<u>(348,368)</u>
Segment assets	11,209,681	8,413,437	19,623,118
Segment liabilities	1,314,408	5,890,139	7,204,547
31 December 2022			
Segment revenues	878,514	932,788	1,811,302
Segment costs	<u>(242,938)</u>	<u>(447,236)</u>	<u>(690,174)</u>
Segment result	<u>635,576</u>	<u>485,552</u>	<u>1,121,128</u>
Segment assets	11,198,867	8,822,514	20,021,381
Segment liabilities	1,303,660	5,950,783	7,254,443
31 March 2022			
Segment revenues	112,003	803,409	915,412
Segment costs	<u>(65,760)</u>	<u>(116,756)</u>	<u>(182,516)</u>
Segment result	<u>46,243</u>	<u>686,653</u>	<u>732,896</u>
Segment assets	10,759,936	10,325,094	21,085,030
Segment liabilities	1,452,204	6,240,344	7,692,548

18. Annual general assembly meeting

The annual general assembly of shareholders was held on 19 April 2023 and approved the consolidated financial statements for the year ended 31 December 2022.

The General Assembly also approved the distribution of cash dividends to shareholders at the rate of 8% (Eight Percent) of the nominal value of each share (i.e. 8 fils per share) for the year ended 31 December 2022.

The General Assembly also approved Board of Directors remuneration in the amount of KD 42,000 for the year ended 31 December 2022.