

Credit Rating And Collection Company K.S.C (Public)
And its subsidiaries
State of Kuwait
Interim Condensed Consolidated Financial Information
For the three months period ended March 31, 2024 (Unaudited)
With Review Report of interim condensed consolidated financial information

Credit Rating and Collection Company

K.S.C (Public)

And its subsidiaries

State of Kuwait

The Interim Condensed Consolidated Financial Information For the three months period ended March 31, 2024 (Unaudited)

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Report on Review of Interim Condensed Consolidated Financial Information

**M.S / Director and Members of Board of Directors
Credit Rating and Collection Company
K.S.C. (Public)
State of Kuwait**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Credit Rating and Collection Company- K.S.C. (Public) (the Parent Company) and its subsidiaries (the Group) as of March 31, 2024 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended and notes to the condensed consolidated interim financial information. Management of the Parent Company is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the Independent Auditor of the Entity". A review of interim condensed consolidated 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 knowledge that causes us to believe that the accompanying interim condensed consolidated financial information for the three months period ended March 31, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Material Uncertainty Related To Going Concern

We draw attention to Note (8) in the financial statement on the Group's ability to continue as a going concern, our opinion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirements

Furthermore, 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 are not become aware of any violations of the Companies Law No. 1 of 2016 and its amendments, the Parent company's Articles of incorporation and Articles of Association during the period three months ended March 31, 2024 that might have a material effect on the Group's financial position or results of its operations.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 14 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended March 31, 2024 that might have had a material effect on the business of the company or on its financial position.



14 May 2024
Kuwait


Ali Mohammed Kouhari
Licence No.156-A
Member of PRIME GLOBAL

Credit Rating And Collection Company
K.S.C. (Public)
And its subsidiaries
State of Kuwait

Interim condensed consolidated statement of financial position as at March 31, 2024

<u>Assets</u>	<u>Note</u>	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>	<u>31-Mar-2023</u>
		<u>K.D</u>	<u>K.D</u>	<u>K.D</u>
<u>Current assets</u>		<u>Unaudited</u>	<u>audited</u>	<u>Unaudited</u>
Cash and cash equivalent		54,778	130,748	64,005
Term deposits		60,000	60,000	-
Financial assets at fair value through profit or loss	3	214,037	200,829	190,174
Account receivable and other debit balances		283,706	277,992	288,175
Total current Assets		612,521	669,569	542,354
<u>Non-Current Assets</u>				
Investments in purchased debts		1	1	1
Investment properties		4,737,201	4,728,800	4,691,341
Property and equipment		282	230	216
Intangible assets		1	1	1
Total Non-Current Assets		4,737,485	4,729,032	4,691,559
Total Assets		5,350,006	5,398,601	5,233,913
<u>Liabilities and equity</u>				
<u>Current liabilities</u>				
Account payable and other credit balances		144,883	153,943	121,465
Total current liabilities		144,883	153,943	121,465
<u>Non-Current Liabilities</u>				
Provision for end of service indemnity		98,816	99,131	80,386
Total Non-Current Liabilities		98,816	99,131	80,386
Total Liabilities		243,699	253,074	201,851
<u>Equity</u>				
Share capital		16,500,000	16,500,000	16,500,000
Foreign currencies' translation reserve		20,500	27,803	9,412
Revaluation surplus		409,191	409,191	409,191
Accumulated losses		(11,850,161)	(11,817,846)	(11,911,858)
Equity attributable to shareholders of the Parent Company		5,079,530	5,119,148	5,006,745
Non-controlling interests		26,777	26,379	25,317
Total equity		5,106,307	5,145,527	5,032,062
Total liabilities and equity		5,350,006	5,398,601	5,233,913


Moaath Othman Hamad Al Yahya
Chairman


Ibrahim Abbas Al-Sukhi
Vice chairman and chief executive officer

The accompanying notes are an integral part of the interim condensed consolidated financial information

Credit Rating And Collection Company
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Interim condensed consolidated statement of profit or loss for the three months period
ended March 31, 2024 (Unaudited)

The three months ended March 31,

	<u>Note</u>	<u>2024</u> <u>K.D</u> <u>Unaudited</u>	<u>2023</u> <u>K.D</u> <u>Unaudited</u>
Collection commissions		5,523	5,519
Income from purchased debts collected		-	550
Profit from investments	4	13,015	35,948
Net rental income from real estate		59,444	31,743
Other income		351	20,822
Total revenue		<u>78,333</u>	<u>94,582</u>
General and administrative expenses		(110,226)	(138,068)
Depreciation		(67)	(160)
Net loss for the period		<u>(31,960)</u>	<u>(43,646)</u>
<u>Attributable to:</u>			
Parent Company's shareholders		(32,315)	(43,887)
Non-controlling interests		355	241
Net loss for the period		<u>(31,960)</u>	<u>(43,646)</u>
Loss per share attributable to parent company's shareholders (fils)	5	<u>(0.20)</u>	<u>(0.27)</u>

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Credit Rating And Collection Company
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Interim condensed consolidated statement of profit or loss and other comprehensive income for the three months period ended March 31, 2024 (Unaudited)

	<u>The three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>K.D</u>	<u>K.D</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Net loss for the period	(31,960)	(43,646)
<u>Other comprehensive loss:</u>		
Exchange differences on translating foreign currencies	(7,260)	(11,391)
Other comprehensive loss for the period	(7,260)	(11,391)
Total comprehensive loss for the period	<u>(39,220)</u>	<u>(55,037)</u>
<u>Attributable to:</u>		
Parent Company's shareholders	(39,618)	(55,281)
Non-controlling interests	398	244
Total comprehensive loss for the period	<u>(39,220)</u>	<u>(55,037)</u>

The accompanying notes are an integral part of the interim condensed consolidated financial information

Credit Rating And Collection Company
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Interim condensed consolidated statement of changes in equity
For the three months period ended March 31, 2024 (unaudited)

	Equity attributable to shareholders of the Parent Company					Total equity attributable to shareholders of the parent company	Non controlling interest	Total equity
	Share Capital	Foreign currencies't ranslation reserve	Revaluation surplus	Accumulated losses	Total equity attributable to shareholders of the parent company			
Balance at January 1, 2024	K.D. 16,500,000	K.D. 27,803	K.D. 409,191	K.D. (11,817,846)	K.D. 5,119,148	K.D. 26,379	K.D. 5,145,527	
Total comprehensive loss for the period	-	(7,303)	-	(32,315)	(39,618)	398	(39,220)	
Balance at March 31, 2024	16,500,000	20,500	409,191	(11,850,161)	5,079,530	26,777	5,106,307	
Balance at January 1, 2023	16,500,000	20,806	409,191	(11,867,971)	5,062,026	25,073	5,087,099	
Total comprehensive loss for the period	-	(11,394)	-	(43,887)	(55,281)	244	(55,037)	
Balance at March 31, 2023	16,500,000	9,412	409,191	(11,911,858)	5,006,745	25,317	5,032,062	

The accompanying notes are an integral part of the interim condensed consolidated financial information

Credit Rating And Collection Company
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Interim Condensed consolidated statement of cash flows
For the three months period ended March 31, 2024 (unaudited)

	<u>The three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>K.D</u>	<u>K.D</u>
<u>Cash flows from operating activities</u>	<u>Unaudited</u>	<u>Unaudited</u>
Net loss for the period	(31,960)	(43,646)
<u>Adjustments</u>		
Depreciations	67	160
Unrealized profit from change in fair value of investments at fair value through profit or loss	(13,208)	(32,575)
Realized profit from sale of investments at fair value through profit or loss - local shares	-	(3,582)
Income from purchased debts collected	-	(550)
Provision for end of service indemnity	1,579	1,579
	<u>(43,522)</u>	<u>(78,614)</u>
<u>Changes in operating assets & liabilities :</u>		
Account receivable and other debit balances	(5,714)	(48,082)
Account payable and other credit balances	(9,060)	(1,478)
Payment for end of service indemnity	(1,894)	-
Net cash used in operating activities	<u>(60,190)</u>	<u>(128,174)</u>
<u>Cash flows from investing activities</u>		
Investment properties	(8,401)	(357)
Term deposits	-	100,000
Paid for purchase property and equipment	(119)	-
Proceed from investments in purchased debts	-	550
Financial assets at fair value through profit or loss	-	70,704
Net cash (used in) generated from investing activities	<u>(8,520)</u>	<u>170,897</u>
Net (decrease) increase in cash and cash equivalent	(68,710)	42,723
Effect of exchange rate changes on cash and cash equivalents in foreign currencies	(7,260)	(11,391)
Cash and cash equivalent at the beginning of the period	130,748	32,673
Cash and cash equivalent at the end of the period	<u>54,778</u>	<u>64,005</u>

The accompanying notes are an integral part of the interim condensed consolidated financial information

Credit Rating And Collection Company

K.S.C. (Public)

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Notes to the interim condensed consolidated financial information

1 - Incorporation and activities

Credit Rating And Collection Company - K.P.S.(Public) ("The Parent Company") is incorporated on December 5, 1998 and it is listed in the Kuwait Stock Exchange Market.

The main activities of the parent company is as follows:

- Collecting and purchasing of trade debts on behalf of its clients and for their account.
- Developing , utilizing and providing collection and debt purchase methods for its customers and others.
- Gathering, providing, and updating the financial information and rating for others.
- Utilizing the monetary surpluses of the Company by investing them in financial portfolios managed by specialized bodies.
- Applying the authorized internal standards in assessing and rating all securities, shares, bonds, instruments of debt and other investments of institutions including banks, investment companies and financially independent entities which are dealing with the financial market and its instruments.
- Providing independent professional opinions about competence of the institutions and abilities to fulfill their financial obligations and follow up the rules of transparency and increase the declaration of the procedures and instructions which organize the administration, accountancy and auditing affairs applied with the market and its management.
- Providing economic specialized professional information necessary for knowing the performance of financial market in Kuwait and others, for facilitating the utilization of capital sources therein.
- Developing, utilizing and providing evaluation methods, securitization and recovery of client assets and others.
- All the Parent Company's activities are conducted in according with Islamic Sharia's and exclude actions that contradict it. The Parent Company is subvented by Fatwa and Shari'a supervision Board and the Board decisions are binding to the Parent Company.
- The Parent Company may conduct the previous mentioned business objectives inside and outside State of Kuwait by itself or as an agent.
- The Parent Company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to establish, participate or purchase these firms or institutions or join them.
- The Parent Company's registered address is P.O Box 1432 - Safat 13015 Kuwait .
- The interim condensed consolidated financial information have been approved by the Company's Board of Directors on May 14, 2024.

2 - Significant accounting policies

Basis of presentation

- The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023.
- The interim condensed consolidated financial information does not include all of the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of Group's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.
- Operating results for the period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024 For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2023.

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Notes to the interim condensed consolidated financial information**- Basis of consolidation**

The condensed interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as shown below, the financial statements of the subsidiaries are prepared for the same financial period of the Parent company by using similar accounting policies .

The details of subsidiaries which include the interim condensed consolidated financial information as follows:

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of activity</u>	<u>Percentage of ownership</u>	
			<u>31-Mar-2024</u>	<u>31-Mar-2023</u>
Credit rating and collection company W.L.L - Abu Dhabi	United Arab Emirates	Debts collection	99%	99%
Tasneef Real Estate Company - W.L.L	State of Kuwait	Rent and lease land	99%	99%

- The financial information for the subsidiaries has been consolidated based on the financial information prepared by the subsidiaries management .

3- Financial assets at fair value through profit or loss

	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>	<u>31-Mar-2023</u>
	<u>K.D</u>	<u>K.D</u>	<u>K.D</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Investments in local shares *	214,037	200,829	190,174
Investments in local funds (under liquidation) **	4,458,111	4,458,111	4,623,218
	4,672,148	4,658,940	4,813,392
Impairment loss in value **	<u>(4,458,111)</u>	<u>(4,458,111)</u>	<u>(4,623,218)</u>
	<u>214,037</u>	<u>200,829</u>	<u>190,174</u>

* Investments in local shares include unquoted shares with the amount of KD 12,492 as of March 31, 2024 as per the evaluation of portfolio manager, which had been evaluated based on the information available to him about the invested companies (December 31, 2023 : KD 12,492), (March 31, 2023: KD 12,492).

** According to the Capital Markets Authority's decision on December 11, 2016, the fund was approved to liquidate and a liquidator was appointed. Therefore, the management decided to form a provision with the full amount of the investment in the fund.

4- Profit profit from investments

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>K.D.</u>	<u>K.D.</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Realized profit from sale of investments at fair value through profit or loss - local shares	-	3,582
Unrealized profit from change in fair value of investments at fair value through profit or loss - local shares	13,208	32,575
Portfolio expenses	<u>(193)</u>	<u>(209)</u>
	<u>13,015</u>	<u>35,948</u>

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Notes to the interim condensed consolidated financial information**5- Loss per share attributable to parent company's shareholders**

The information necessary to calculate basic loss per share based on weighted average number of shares outstanding during the period is as follows:

	<u>The Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Net loss for the period attributable to the parent Company's shareholders (KD)	(32,315)	(43,887)
Weighted average number of shares outstanding (share)	165,000,000	165,000,000
Loss per share attributable to parent company's shareholders (fils)	(0.20)	(0.27)

6- Related party disclosures

The Company has entered into various transactions with related parties, i.e. shareholders, board of directors, key management personnel, associates entities under common control in the normal course of its business. Prices and terms of payment are approved by the Group's management.

Balances and transactions with related parties are as follow:

Interim condensed consolidated statement of financial position

	<u>31-Mar-2024</u>	<u>31-Dec-2023</u>	<u>31-Mar-2023</u>
	<u>K.D</u>	<u>K.D</u>	<u>K.D</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Financial assets at fair value through profit or loss	58,018	58,018	42,291
Due from related parties - included in account receivable and other debit balances	24,572	17,093	26,945
Due to related parties - included in account payable and other credit balances	17,520	17,520	5,000

Three months ended March 31,

	<u>2024</u>	<u>2023</u>
	<u>K.D.</u>	<u>K.D.</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<u>Interim condensed consolidated statement of profit or loss</u>		
Change in fair value of Financial assets at fair value through statement of profit or loss	13,208	32,574
Collection Commissions	5,298	3,105
Others	-	1,800
<u>Compensation of key management personal</u>		
Salaries and other benefits	17,355	17,355

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Notes to the interim condensed consolidated financial information

7- Segments information

The segments related information of the group is as follow:

- The Three months ended March 31, 2024

- Operating segments:

	Credit rating & collection	Investment	Total
	<u>K.D</u>	<u>K.D</u>	<u>K.D</u>
Segment operating revenues	5,523	13,015	18,538
Profit for the period before other income and unallocated expenses	5,523	13,015	18,538
Other income			59,795
Unallocated expenses			(110,293)
Loss for the period			<u>(31,960)</u>

- Geographical segments:

	Revenues	Non - current assets
	<u>K.D</u>	<u>K.D</u>
Kuwait	52,766	2,123,925
United Arab Emirates	25,567	2,613,560
	<u>78,333</u>	<u>4,737,485</u>

- The Three months ended March 31, 2023

- Operating segments:

	Credit rating & collection	Investment	Total
	<u>K.D</u>	<u>K.D</u>	<u>K.D</u>
Segment operating revenues	6,069	35,948	42,017
Profit for the period before other income and unallocated expenses	6,069	35,948	42,017
Other income			52,565
Unallocated expenses			(138,228)
Loss for the period			<u>(43,646)</u>

- Geographical segments:

	Revenues	Non - current assets
Kuwait	69,015	2,077,999
United Arab Emirates	25,567	2,613,560
	<u>94,582</u>	<u>4,691,559</u>

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Notes to the interim condensed consolidated financial information

8- Going concern

- The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The (consolidated) financial statements do not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.
- As of March 31, 2024, The Group's net loss for the year amounted to KD 31,960 (March 31, 2023 : KD 43,646), the Group's accumulated losses amounted to KD 11,850,161 (December 31, 2023 : KD 11,817,846). (March 31, 2023 : KD 11,911,858).
- The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows, restructure / reschedule its credit facilities, and the financial support of its major (principal) shareholders. If those conditions are not viable, the accompanying consolidated financial statements shall be adjusted accordingly.

9- Annual Ordinary General Assembly

The shareholders' Ordinary General Assembly held on March 28, 2024 approved the financial statement of the group for the year ended December 31, 2023 and agreed not to distribute any dividends for the year ended December 31, 2023 and not to distribute Board of Directors' remuneration .