



**Commercial Real Estate Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)
And the review report for the six months ended 30 June 2021**



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Commercial Real Estate Company K.S.C.P
State of Kuwait

Auditor's report on review of interim condensed consolidated financial information to the board of directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

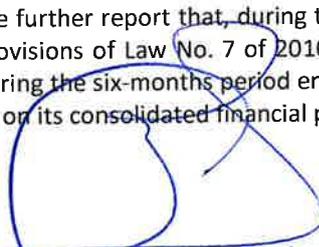
Emphasis of Matter

We draw attention to note (15) of Interim Condensed Consolidated Financial Information, which describes the effects of a cyber incident that occurred during the period that resulted in a loss of KD 4.428 Million to the Group and action taken by management in relation to this incident. Our opinion 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 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, the executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the six-months period ended 30 June 2021, that might have had a material effect on the business of the Group or on its consolidated financial position.



Bader A. Al-Wazzan

Licence No. 62 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 12 August 2021

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		22,866,182	23,051,858	23,665,620
Investment property	5	377,920,788	377,533,432	376,984,408
Investments in associates	6	43,701,564	44,180,790	44,412,271
Investment at FVOCI		40,591,239	36,977,195	36,996,185
		<u>485,079,773</u>	<u>481,743,275</u>	<u>482,058,484</u>
Current assets				
Land and properties held for trading		12,998,233	13,544,514	13,851,966
Investments at fair value through profit or loss		20,317,127	20,469,828	22,223,428
Receivables and other debit balances	7	17,820,880	16,247,336	13,171,572
Cash and cash equivalents	8	5,108,644	4,673,975	7,362,402
		<u>56,244,884</u>	<u>54,935,653</u>	<u>56,609,368</u>
Total assets		<u>541,324,657</u>	<u>536,678,928</u>	<u>538,667,852</u>
Equity and liabilities				
Equity attributable to the shareholders of the Parent Company				
Share capital		184,069,975	184,069,975	178,708,714
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	9	(5,233,699)	(7,953,856)	(4,442,561)
Statutory reserve		38,548,936	38,548,936	38,443,068
Voluntary reserve		28,633,060	28,633,060	28,580,127
Other reserve	10	5,811,632	5,352,836	4,586,544
Retained earnings		27,228,654	32,780,423	37,821,515
Total equity attributable to the shareholders of the Parent Company		<u>280,366,942</u>	<u>282,739,758</u>	<u>285,005,791</u>
Non-controlling interests		23,723,669	23,437,954	22,446,370
Total equity		<u>304,090,611</u>	<u>306,177,712</u>	<u>307,452,161</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		912,318	1,009,453	982,132
Lease liabilities	5	2,494,052	2,543,501	2,591,854
Financing from third party	11	188,029,670	192,896,791	190,852,714
		<u>191,436,040</u>	<u>196,449,745</u>	<u>194,426,700</u>
Current liabilities				
Payables and other credit balances	12	16,050,621	15,373,452	23,856,703
Financing from third party	11	29,747,385	18,678,019	12,932,288
		<u>45,798,006</u>	<u>34,051,471</u>	<u>36,788,991</u>
Total liabilities		<u>237,234,046</u>	<u>230,501,216</u>	<u>231,215,691</u>
Total equity and liabilities		<u>541,324,657</u>	<u>536,678,928</u>	<u>538,667,852</u>

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


Abdul Fatah M.R. Marafie
Chairman


Adwan M. Al-Adwani
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
Revenues & operating expenses					
Rental income from investment properties and hotel operations		5,896,397	2,988,032	11,867,796	9,708,685
Gain on sale of land and properties held for trading		4,180,604	-	4,180,604	-
Operating expenses		(1,656,529)	(1,538,694)	(3,104,854)	(3,820,689)
Net income from operating activities	13	8,420,472	1,449,338	12,943,546	5,887,996
Change in fair value of investment properties		-	(380,286)	-	(380,286)
Share in associates result	6	554,270	(75,352)	75,453	40,113
Net gain on investments	14	234,855	(421,440)	749,611	198,378
Other income		32,826	4,786	87,982	105,371
Total net income		9,242,423	577,046	13,856,592	5,851,572
Expenses and other charges					
Administrative expenses and other charges		891,601	561,678	1,522,483	1,279,641
Provisions		402,803	-	454,979	58,431
Other expense	15	4,428,000	-	4,428,000	-
Finance charges		1,422,654	1,634,565	2,795,242	3,637,381
Total expenses		7,145,058	2,196,243	9,200,704	4,975,453
Net profit/(loss) for the period before deductions					
		2,097,365	(1,619,197)	4,655,888	876,119
Kuwait Foundation for the Advancement of Sciences (KFAS)		(11,205)	15,223	(27,166)	-
National Labour Support Tax (NLST)		(167,511)	41,614	(220,569)	(26,509)
Zakat Expense		(66,894)	15,934	(83,407)	(4,302)
Net profit/(loss) for the period		<u>1,851,755</u>	<u>(1,546,426)</u>	<u>4,324,746</u>	<u>845,308</u>
Distributed as follows:					
Shareholders of the Parent Company		1,452,256	(1,458,179)	3,582,997	592,714
Non-controlling interests		399,499	(88,247)	741,749	252,594
		<u>1,851,755</u>	<u>(1,546,426)</u>	<u>4,324,746</u>	<u>845,308</u>
Basic earnings/(loss) per share for Parent Company's shareholders (fils)					
	16	<u>0.80</u>	<u>(0.81)</u>	<u>2.03</u>	<u>0.33</u>

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

Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Net profit/ (loss) for the period	1,851,755	(1,546,426)	4,324,746	845,308
Other comprehensive income items:				
<i>Items that may not be reclassified subsequently to the consolidated statement of income:</i>				
Group's share in associates' reserves	(534,049)	(264,970)	127,227	(74,971)
Change in fair value reserve	(245,168)	(472,869)	(84,963)	(445,837)
	<u>(779,217)</u>	<u>(737,839)</u>	<u>42,264</u>	<u>(520,808)</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation reserve	10,019	127,181	(74,138)	115,625
Total other comprehensive loss	<u>(769,198)</u>	<u>(610,658)</u>	<u>(31,874)</u>	<u>(405,183)</u>
Total comprehensive income/(loss) for the period	<u>1,082,557</u>	<u>(2,157,084)</u>	<u>4,292,872</u>	<u>440,125</u>
Distributed as follows:				
Shareholders of the Parent Company	680,163	(2,068,837)	3,551,846	187,531
Non-controlling interests	402,394	(88,247)	741,026	252,594
Total comprehensive income/(loss) for the period	<u>1,082,557</u>	<u>(2,157,084)</u>	<u>4,292,872</u>	<u>440,125</u>

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

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Equity attributable to the shareholders of the Parent Company						Non- controlling interests	Total equity		
	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 10)	Retained earnings			Total equity attributable to shareholders of the Parent Company	
Balance as at 1 January 2020	178,708,714	1,308,384	(3,196,562)	38,443,068	28,580,127	5,200,726	45,449,385	294,493,842	22,714,131	317,207,973
Net profit for the period	-	-	-	-	-	-	592,714	592,714	252,594	845,308
Total comprehensive income for the period	-	-	-	-	-	(405,183)	-	(405,183)	-	(405,183)
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	90,117	90,117	-	90,117
Sale of investment at FVTOCI	-	-	-	-	-	(208,999)	455,833	246,834	-	246,834
Cash dividends	-	-	-	-	-	-	(8,766,534)	(8,766,534)	-	(8,766,534)
Cash dividends of subsidiary	-	-	-	-	-	-	-	-	(520,355)	(520,355)
Purchase of treasury shares	-	-	(1,245,999)	-	-	-	-	(1,245,999)	-	(1,245,999)
Balance as at 30 June 2020	178,708,714	1,308,384	(4,442,561)	38,443,068	28,580,127	4,586,544	37,821,515	285,005,791	22,446,370	307,452,161
Balance as at 1 January 2021	184,069,975	1,308,384	(7,953,856)	38,548,936	28,633,060	5,352,836	32,780,423	282,739,758	23,437,954	306,177,712
Net profit for the period	-	-	-	-	-	-	3,582,997	3,582,997	741,749	4,324,746
Total comprehensive income for the period	-	-	-	-	-	(31,151)	-	(31,151)	(723)	(31,874)
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	219	219	-	219
Sale of investment at FVTOCI	-	-	-	-	-	-	126,965	126,965	-	126,965
Cash dividends (note 20)	-	-	-	-	-	-	(5,267,149)	(5,267,149)	-	(5,267,149)
In-kind dividends from treasury shares (note 20)	-	-	3,504,854	-	-	489,947	(3,994,801)	-	-	-
Cash dividends of subsidiary	-	-	-	-	-	-	-	-	(455,311)	(455,311)
Purchase of treasury shares	-	-	(784,697)	-	-	-	-	(784,697)	-	(784,697)
Balance as at 30 June 2021	184,069,975	1,308,384	(5,233,699)	38,548,936	28,633,060	5,811,632	27,228,654	280,366,942	23,723,669	304,090,611

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

**Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the six months ended 30 June	
		2021	2020
Operating activities:			
Net profit for the period		4,324,746	845,308
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		521,500	990,452
Change in fair value investment properties		-	380,286
Provide of provisions and impairment		454,979	58,431
Share of associates results		(75,453)	(40,113)
Net gain on investments	14	(749,611)	(198,378)
Finance cost		2,795,242	3,637,381
Employees' end of service indemnity provided during the period		100,109	119,955
<i>Operating cash flow before changes in the working capital</i>		<u>7,371,512</u>	<u>5,793,322</u>
Land and properties held for trading		546,281	(166,359)
Receivables and other debit balances		(989,992)	(617,220)
Payables and other credit balances		635,636	(170,470)
Employees' end of service indemnity paid during the period		(197,244)	(90,969)
Net cash generated from operating activities		<u>7,366,193</u>	<u>4,748,304</u>
Investing activities:			
Payment for addition of Investment properties		(387,356)	(341,468)
Payment for purchase of property, plant and equipment		(335,824)	(447,317)
Advance payments for acquisition of investments		(4,647,633)	-
Payment to acquire shares in associates		(8,839)	-
Payment to acquire investment at fair value through statement of income		(80,238)	-
Payment to acquire investment at FVTOCI		-	(4,087,368)
Proceeds on sale of Investment at FVTOCI		153,296	5,570,378
Dividend received from associates	6	616,826	1,422,121
Cash dividends received on investments		866,314	932,232
Deposits with financial institution		(300,000)	200,000
Net cash (used in)/ generated from investing activities		<u>(4,123,454)</u>	<u>3,248,578</u>
FINANCING ACTIVITIES:			
Financing from third party		6,202,245	1,544,948
Finance charges paid		(2,750,502)	(4,194,320)
Dividend paid		(5,319,805)	(43,522)
Payment for acquisition of treasury shares		(784,697)	(1,245,999)
Non-controlling interests		(455,311)	(520,355)
Net cash used in financing activities		<u>(3,108,070)</u>	<u>(4,459,248)</u>
Net increase in cash and cash equivalents		134,669	3,537,634
Cash and cash equivalents at the beginning of the period		4,673,975	3,824,768
Cash and cash equivalents at the end of the period	8	<u>4,808,644</u>	<u>7,362,402</u>

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Overview of the Group

The Commercial Real Estate Company (K.P.S.C) ("the Parent Company") was incorporated as a Kuwaiti Shareholding Closed Company under Articles of Association No. 104/ M/ Vol.1 on 4 February 1968 under Commercial register No. 11329 and re-enrolled on 21 December 1981 under No. 239 in accordance with provision of the Commercial Companies Law. The main objectives of the Company are performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building constructions including sale, purchase and lease of land and real estate properties and construction of buildings, utilize the company's surpluses through investment portfolios managed by specialized companies and financial institutions. The Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The Company may also purchase such entities or affiliate them, or as stated in Company's Articles of Association, article No. 5 and Memorandum of Association, article No. 4. The Parent Company's management shall carry out all its objectives for which it has been established in accordance with the Noble Islamic Sharia principles.

The head office of the Company is located at Jaber Al-Mubarak Street, Commercial Real Estate Company's Building, Sharq, P.O. Box. 4119 Safat, 13042 Kuwait.

The Company has been registered in the Kuwait Stock Exchange on 21 December 2004.

The consolidated interim financial information includes the interim financial information of the Parent Company, its subsidiaries and branches (together referred to as "the Group").

Name of subsidiaries	Activity	Country of incorporation	Shareholding percent		
			30 June 2021	31 December 2020 (audited)	30 June 2020
Al Mutajara Real Estate Company K.S.C.C.	Investment property	Kuwait	77.57%	77.57%	77.57%
Commercial Real Estate Development Company	Investment property	Bahrain	100%	100%	100%
Commercial Real Estate Development Company	Investment property	Morocco	100%	100%	100%
Al-Salmiya Group K.S.C. (Closed)	Investment property	Kuwait	81.90%	81.90%	81.90%

During the period, the general assembly meeting of the Parent Company shareholders was held on 11 April 2021 to approve the consolidated financial statements for the year ended 31 December 2020.

This interim condensed consolidated financial information was authorized for issue by Parent Company's board of director's on 12 August 2021.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. The interim condensed consolidated financial information does not contain all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards and should be read in conjunction with the annual financial statements for the year ended 31 December 2020. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

2.1 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information are similar to those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.1.1 Application of new and revised International Financial Reporting Standards (IFRS)

Interest Rate Benchmark Reform "phase two" amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	<p>The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.</p> <p>The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform.</p> <ul style="list-style-type: none"> - The amendments apply to all entities and are not optional. - The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.
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IFRSs issued but not yet mandatorily effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 <i>Insurance Contracts</i>	The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1	<p><i>Classification of Liabilities as Current or Non-current</i></p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p>
Amendments to IFRS 3 <i>Reference to the Conceptual Framework</i>	<p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.</p> <p>Early application is permitted if an entity also applies all other updated references (published together with the updated <i>Conceptual Framework</i>) at the same or earlier.</p>
Amendments to IAS 16 <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.
Amendments to IAS 37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018–2020 Cycle	<p><i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i></p> <p>The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p>
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	<p>Disclosure of accounting policies</p> <p>the amendment is effective for annual periods beginning on or after 1 January 2023</p>
Amendments to IAS 8	<p>Definition of accounting estimates</p> <p>The amendment is effective for annual periods beginning on or after 1 January 2023</p>

The management do not expect that the adoption of the Standards listed above will have a material impact on the interim condensed consolidated financial information of the Group in future periods.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

3. Fair value estimation

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 financial assets and liabilities are determined:

	Fair value as at			Fair value hierarchy	Valuation methods and key inputs	Significant unobservable inputs	Relation of unobservable inputs to fair value
	30 June 2021	31 December 2020 (audited)	June 30 2020				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	544,620	220,631	148,280	Level 1	Last bid price	N/A	N/A
Private equity	39,946,177	36,330,386	36,422,010	Level 3	Income approach/ market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investment funds	100,442	426,178	425,895	Level 3	Income approach/ market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at fair value – statement of income:							
Quoted shares	910,112	732,838	786,653	Level 1	Last bid price	N/A	N/A
Private equity	19,407,015	19,736,990	21,436,775	Level 3	Income approach/ market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value

The fair value of financial assets and financial liabilities in level 3 have determined using the common valuation techniques such as a discount cash flow, growth rate and adjusted fair value.

4. Estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020,

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**
(All amounts are in Kuwaiti Dinar unless otherwise stated)
5. Investment properties

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Balance at beginning of the period/ year	377,533,432	377,023,226	377,023,226
Additions	387,356	1,147,773	341,468
Change in fair value	-	(637,567)	(380,286)
Balance at end of the period/year	<u>377,920,788</u>	<u>377,533,432</u>	<u>376,984,408</u>

Investments properties include the fair value of right of use Boulevard project which will expire in year 2036. The balance of lease liabilities is as follows:

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Lease liabilities (non-current)			
Amounts due after 12 months	2,494,052	2,543,501	2,591,854
Lease liabilities (current)			
Amounts due within 12 months	98,814	96,637	94,508
	<u>2,592,866</u>	<u>2,640,138</u>	<u>2,686,362</u>

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between five to six years, with the option of renewal for similar periods. All operating lease contracts contain contractual terms relating to the revision of the lease value to reflect the market value in case the tenant uses the option of renewal. The lessee does not have an option to purchase the property at the expiry of the lease period.

6. Investments in associates

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Balance as at the beginning of the period/year	44,180,790	47,039,108	47,039,108
Additions during the period/ year	8,839	137,530	-
Group's share of associates results	75,453	(1,021,476)	40,113
Group's share of associates reserves	127,227	694,940	(74,971)
Gains of investments at FVTOCI	219	86,812	90,117
Translation of foreign currencies	(74,138)	41,597	115,625
Cash dividends	(616,826)	(2,797,721)	(2,797,721)
	<u>43,701,564</u>	<u>44,180,790</u>	<u>44,412,271</u>

7. Receivables and other debit balances

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade receivables	8,623,564	7,814,964	8,260,334
Due from related parties (Note 17)	112,774	191,981	211,544
Provision for credit losses	(5,216,501)	(5,181,225)	(4,536,001)
	<u>3,519,837</u>	<u>2,825,720</u>	<u>3,935,877</u>
Prepaid expenses	184,248	192,963	192,743
Advance payments for acquisition of investments	4,647,633	3,725,338	83,149
Advance payment for purchase of land	5,068,225	4,962,370	4,873,614
Refundable deposits	343,695	344,246	344,246
Advances to contractors and suppliers	533,292	490,603	493,531
Other debit balances	3,921,253	3,706,096	3,248,412
	<u>14,698,346</u>	<u>13,421,616</u>	<u>9,235,695</u>
Provisions	(397,303)	-	-
	<u>14,301,043</u>	<u>13,421,616</u>	<u>9,235,695</u>
	<u>17,820,880</u>	<u>16,247,336</u>	<u>13,171,572</u>

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses as follows:

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Balance at beginning of the period/year	5,181,225	4,477,570	4,477,570
Provision created during the period/year	71,542	889,115	58,431
Reversal of provision for credit losses	(13,866)	(89,352)	-
Bad debts	(22,400)	(96,108)	-
Balance at end of the period/year	<u>5,216,501</u>	<u>5,181,225</u>	<u>4,536,001</u>

8. Cash and cash equivalents

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Cash in hand	5,888	5,127	5,983
Cash at banks and financial institutions	5,102,756	2,668,848	2,606,419
Deposits with financial institution	-	2,000,000	4,750,000
	<u>5,108,644</u>	<u>4,673,975</u>	<u>7,362,402</u>
Less: deposits with financial institution more than 3 months	(300,000)	-	-
Cash and cash equivalent for cash flow	<u>4,808,644</u>	<u>4,673,975</u>	<u>7,362,402</u>

9. Treasury shares

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Number of shares (No's)	54,874,369	82,427,994	48,255,726
Percentage of issued shares (%)	2.98	4.48	2.69
Market value	5,871,557	9,396,791	4,608,422
Cost	5,233,699	7,953,856	4,442,561

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares, in which they are held by the Company, pursuant to the relevant instructions of the regulatory authorities.

10. Other reserves

	Change of fair value reserve	Group's share in associates' reserves	Translation of foreign currencies	Property, plant and equipment revaluation surplus	Treasury shares reserve	Total
As at 1 January 2020	(1,257,332)	302,118	325,578	5,547,886	282,476	5,200,726
Sale of investment at FVTOCI	(208,999)	-	-	-	-	(208,999)
Total comprehensive income for the period	(445,837)	(74,971)	115,625	-	-	(405,183)
As at 30 June 2020	<u>(1,912,168)</u>	<u>227,147</u>	<u>441,203</u>	<u>5,547,886</u>	<u>282,476</u>	<u>4,586,544</u>
As at 1 January 2021	(1,837,668)	992,967	367,175	5,547,886	282,476	5,352,836
Total comprehensive income for the period	(84,963)	127,950	(74,138)	-	-	(31,151)
In-kind dividends from treasury shares	-	-	-	-	489,947	489,947
As at 30 June 2021	<u>(1,922,631)</u>	<u>1,120,917</u>	<u>293,037</u>	<u>5,547,886</u>	<u>772,423</u>	<u>5,811,632</u>

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11. Financing from third party

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Finance from third party – non current portion	188,029,670	192,896,791	190,852,714
Finance from third party – current portion	29,747,385	18,678,019	12,932,288
	<u>217,777,055</u>	<u>211,574,810</u>	<u>203,785,002</u>
Cost rate (%)	2.03-3.0	2.09-3.0	2.50-4.50

Finance from third party have been granted against mortgage of the following assets.

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Property, plant and equipment	21,168,501	21,471,165	22,077,321
Investment property	283,295,664	260,153,560	283,546,678

12. Payables and other credit balances

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade payables	774,601	878,692	939,275
Due to related parties (Note 17)	52,675	26,393	59,836
Retentions	1,050,249	1,050,096	1,060,407
Accrued expense	2,217,444	2,638,184	2,989,804
Revenues received in advance	645,114	620,918	265,213
Deposits from others	3,725,787	3,566,431	3,685,090
Kuwait Foundation for the Advancement of Science (KFAS)	121,482	94,316	94,316
National Labour Support Tax (NLST)	220,569	53,301	301,460
Zakat payable	83,407	-	65,412
Dividends payable to shareholders	422,565	475,221	8,983,829
Other credit balances*	6,736,728	5,969,900	5,412,061
	<u>16,050,621</u>	<u>15,373,452</u>	<u>23,856,703</u>

* Other credit balances include lease liabilities of KD 98,814 due within 12 months.

13. Net income from operating activities

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
<u>Revenues</u>				
Real estate rental income	5,580,628	2,848,032	11,305,911	8,638,178
revenues from hotel operation	315,769	140,000	561,885	1,070,507
	<u>5,896,397</u>	<u>2,988,032</u>	<u>11,867,796</u>	<u>9,708,685</u>
Gain on sale of land and properties held for trading	4,180,604	-	4,180,604	-
	<u>10,077,001</u>	<u>2,988,032</u>	<u>16,048,400</u>	<u>9,708,685</u>
<u>Expenses</u>				
Operating expenses	(1,184,891)	(841,279)	(2,181,636)	(2,037,169)
Hotel and hospitality expenses	(471,638)	(697,415)	(923,218)	(1,783,520)
	<u>(1,656,529)</u>	<u>(1,538,694)</u>	<u>(3,104,854)</u>	<u>(3,820,689)</u>
Net income from operating activities	<u>8,420,472</u>	<u>1,449,338</u>	<u>12,943,546</u>	<u>5,887,996</u>

Hotel and hospitality expenses include an amount of KD 387,721 (KD 876,045 - 2020) which represents the current period depreciation of the hotel building and related equipment.

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14. Net gain on investments

	For the three months ended 30		For the six months ended	
	June		30 June	
	2021	2020	2021	2020
Investment at FVOCI				
Cash dividends	440,715	370,509	944,006	861,515
	<u>440,715</u>	<u>370,509</u>	<u>944,006</u>	<u>861,515</u>
Investments at fair value through profit or loss				
Change in fair value	(244,018)	(802,027)	(232,939)	(683,317)
Cash dividends	38,158	10,078	38,544	20,180
	<u>(205,860)</u>	<u>(791,949)</u>	<u>(194,395)</u>	<u>(663,137)</u>
	<u>234,855</u>	<u>(421,440)</u>	<u>749,611</u>	<u>198,378</u>

15. Other expenses

The company has detected a cyber-intrusion into the e-mail network, which is a fraud of correspondence and documents. Necessary measures are being taken by the technical and legal department to track the hacking process in coordination with the official authorities to protect the rights of the company and its shareholders.

Where the company submitted a complaint to the Cybercrime Department in the United Arab Emirates and in the State of Kuwait to the Public Prosecution (Prosecution for Media, Information and Publication Affairs) of a case of financial fraud by forgery in electronic correspondence to transfer money worth 54,000,000 UAE dirhams (fifty-four million UAE dirhams), equivalent to 4,428 One million Kuwaiti Dinars (four million four hundred twenty-eight thousand Kuwaiti Dinars) for investment in Dubai.

An investigation is underway and legal measures are being taken by the judicial authorities, as the company is striving to recover the amount to protect its rights.

The matter is still under investigation by the Public Prosecution Office in Kuwait and the United Arab Emirates.

16. Basic earnings/(loss) per share for the Parent Company's shareholders

Basic earnings per share is computed by dividing the net profit attributable to the Parent Company's shareholders for the period by the weighted average number of outstanding ordinary shares less weighted average number of outstanding treasury shares during the period as follows:

	For the three months ended 30		For the six months ended	
	June		30 June	
	2021	2020	2021	2020
Net profit/ (loss) for the period (KD)	1,452,256	(1,458,179)	3,582,997	592,714
Weighted average number of outstanding shares (share)	<u>1,806,131,575</u>	<u>1,791,675,195</u>	<u>1,763,836,450</u>	<u>1,794,282,059</u>
Basic earnings/(loss) per shaers (fils)	<u>0.80</u>	<u>(0.81)</u>	<u>2.03</u>	<u>0.33</u>

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17. Related parties transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, and associates in which the company has representatives in their board. The transactions with related parties are subject to approval of the shareholders at the annual general assembly (AGM). Significant related party transactions and balances resulting therefrom were as follows:

	For the three months ended 30 June		For the six months ended 30-Jun	
	2021	2020	2021	2020
Transaction				
Key management benefits	182,489	139,147	338,946	306,980
Operating revenue	5,232	4,146	10,455	9,410
Operating expenses and other charges	156,749	52,155	239,782	167,860
Purchase of property, plant and equipment	38,783	-	129,929	41,371
Advance payment for acquisition of investments	1,406,852	-	3,422,409	-
		30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Balances				
Receivables and other debit balances		112,774	191,981	211,544
Advance to contractors and suppliers		-	-	20,600
Payables and other credit balances		52,675	26,393	59,836
Balances due to key management		148,152	621,630	547,541

Balances due from / to related parties are free interest and due upon request. All transactions with related parties are subject to approval by the shareholders' general assembly.

18. Capital commitments and contingent liabilities

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Capital commitments			
Uncalled capital – investments	5,858,849	271,445	449,568
Contract for projects and investment properties under development	2,007,582	2,200,339	2,992,384
	<u>7,866,431</u>	<u>2,471,784</u>	<u>3,441,952</u>
Contingent liabilities			
Letters of guarantee	3,759,988	3,459,988	3,459,088

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. Segment information

The Group is organized into three major business segments; real estate and investment. Both segments results are reported to senior executive management. Further, Group's operating results, assets and liabilities are reported according to geographical areas in which it operates. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of interim condensed consolidated financial statements. Business segment analysis is in line with internal reports submitted to management is as follows:

Segment distribution:

	For the six months ended 30 June 2021			For the six months ended 30 June 2020				
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	16,195,528	561,885	825,064	17,582,477	8,257,892	1,070,507	238,491	9,566,890
Direct cost	(3,463,290)	(923,218)	(503,881)	(4,890,389)	(2,501,305)	(1,783,520)	(84,768)	(4,369,593)
Gross profit	12,732,238	(361,333)	321,183	12,692,088	5,756,587	(713,013)	153,723	5,197,297
Unallocated costs				(8,367,342)				(4,351,989)
Net profit for the period				4,324,746				845,308

Geographic distribution:

A- Assets and liabilities

	Assets		Liabilities	
	30 June 2021	31 December 2020 (audited)	30 June 2021	31 December 2020 (audited)
State of Kuwait	432,103,636	430,800,344	232,398,025	225,613,475
Gulf countries	56,943,499	56,876,300	4,836,021	4,887,741
Other	52,277,522	49,002,284	-	-
	541,324,657	536,678,928	237,234,046	230,501,216

B- Statement of income

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
Total income	12,571,628	346,931	938,033	4,829,702	172,818	849,052
Total expenses	(4,481,614)	(5,050,232)	-	(4,473,794)	(532,470)	-
Net profit	8,090,014	(4,703,301)	938,033	355,908	(359,652)	849,052
			4,324,746			845,308

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
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20. Dividends

On 11 April 2021, the annual general assembly meeting was held and approved distribution of cash dividends to the shareholders on record as of the due date at 3% after deduction of treasury shares, and distribution of bonus share from treasury shares of 2% from the paid up share capital (2 treasury shares per 100 shares) for the year ended 31 December 2020 (cash dividends 5% per share and 2% bonus share from paid up capital from treasury share – 3 shares per 100 treasury share - 31 December 2018).

21. Impact of COVID-19

The Coronavirus (Covid-19) pandemic continues to spread rapidly across several global geographic regions, causing major disruptions to business and economic activities and resulting in fundamental uncertainties regarding the global economic environment. Financial and monetary authorities around the world have taken intensive measures that have been allocated to alleviate the dire consequences of this pandemic.

Other effects

The Group has considered the potential impact of fluctuations in current economic conditions when determining the amount recorded for the Group's financial and non-financial assets. These reported amounts represent management's best assessments based on observable information. Nevertheless, the markets remain volatile and the carrying value of the assets is still sensitive to fluctuations in the market. The vulnerability of this uncertain economic environment to a large extent is still a matter of estimation accordingly, the Group will continue to reassess its position and related influence on a regular basis.