



**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 nine months ended 30 September 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 September 2021, and the related interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine month 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".

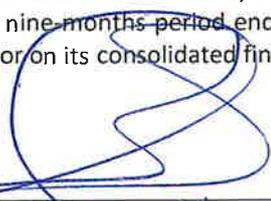
*Emphasis of Matter*

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 nine-months period ended 30 September 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 nine-months period ended 30 September 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, 10 November 2021

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

(All amounts are in Kuwaiti Dinar)

	Notes	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		22,648,764	23,051,858	23,224,234
Investment property	5	378,018,500	377,533,432	377,301,171
Investments in associates	6	44,651,055	44,180,790	44,467,417
Investment at FVOCI		32,361,821	36,977,195	37,053,982
		<u>477,680,140</u>	<u>481,743,275</u>	<u>482,046,804</u>
<b>Current assets</b>				
Land and properties held for trading		12,447,616	13,544,514	13,859,560
Investments at fair value through profit or loss		20,277,557	20,469,828	22,319,979
Receivables and other debit balances	7	26,992,227	16,247,336	13,553,449
Cash and cash equivalents	8	6,809,944	4,673,975	3,639,233
		<u>66,527,344</u>	<u>54,935,653</u>	<u>53,372,221</u>
<b>Total assets</b>		<u>544,207,484</u>	<u>536,678,928</u>	<u>535,419,025</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to the shareholders of the Parent Company</b>				
Share capital		184,069,975	184,069,975	184,069,975
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	9	(6,254,765)	(7,953,856)	(5,420,684)
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	6,477,540	5,352,836	5,197,457
Retained earnings		40,979,282	32,780,423	33,549,186
<b>Total equity attributable to the shareholders of the Parent Company</b>		<u>293,762,412</u>	<u>282,739,758</u>	<u>285,727,513</u>
Non-controlling interests		24,213,762	23,437,954	22,760,683
<b>Total equity</b>		<u>317,976,174</u>	<u>306,177,712</u>	<u>308,488,196</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		935,350	1,009,453	1,016,077
Lease liabilities	5	2,474,924	2,543,501	2,569,025
Financing from third party	11	182,974,227	192,896,791	191,503,904
		<u>186,384,501</u>	<u>196,449,745</u>	<u>195,089,006</u>
<b>Current liabilities</b>				
Payables and other credit balances	12	15,015,350	15,373,452	15,534,302
Financing from third party	11	24,831,459	18,678,019	16,307,521
		<u>39,846,809</u>	<u>34,051,471</u>	<u>31,841,823</u>
<b>Total liabilities</b>		<u>226,231,310</u>	<u>230,501,216</u>	<u>226,930,829</u>
<b>Total equity and liabilities</b>		<u>544,207,484</u>	<u>536,678,928</u>	<u>535,419,025</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 nine months ended 30 September 2021  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
<b>Revenues</b>					
Rental income from investment properties and hotel operations		6,558,858	4,915,342	18,426,654	14,624,027
Gain on sale of land and properties held for trading		10,104,240	10,298	14,284,844	10,298
Operating expenses		(1,781,061)	(1,692,789)	(4,885,915)	(5,513,478)
Net income from operating activities	13	14,882,037	3,232,851	27,825,583	9,120,847
Change in fair value of investment properties		-	-	-	(380,286)
Share in associates result	6	246,206	(481,303)	321,659	(441,190)
Net gain on investments	14	623,649	613,110	1,373,260	811,488
Other income		75,000	14,202	162,982	119,573
Total income		15,826,892	3,378,860	29,683,484	9,230,432
<b>Expenses and other charges</b>					
Administrative expenses and other charges		691,230	558,866	2,213,713	1,838,507
Provisions		10,399	31,312	465,378	89,743
Other expense	15	-	-	4,428,000	-
Finance charges		1,373,142	1,404,349	4,168,384	5,041,730
Total expenses		2,074,771	1,994,527	11,275,475	6,969,980
<b>Net profit for the period before deductions</b>		13,752,121	1,384,333	18,408,009	2,260,452
Kuwait Foundation for the Advancement of Sciences (KFAS)		(111,958)	(474)	(139,124)	(474)
National Labour Support Tax (NLST)		(238,682)	(28,792)	(459,251)	(55,301)
Zakat Expense		(78,188)	(6,257)	(161,595)	(10,559)
<b>Net profit for the period</b>		13,323,293	1,348,810	17,648,039	2,194,118
<b>Distributed as follows:</b>					
Shareholders of the Parent Company		12,849,133	1,034,497	16,432,130	1,627,211
Non-controlling interests		474,160	314,313	1,215,909	566,907
		13,323,293	1,348,810	17,648,039	2,194,118
<b>Basic earnings per share for Parent Company's shareholders (fils)</b>	16	7.06	0.58	9.29	0.91

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

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

(All amounts are in Kuwaiti Dinar)

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
Net profit for the period	13,323,293	1,348,810	17,648,039	2,194,118
<b>Other comprehensive income items:</b>				
<i>Items that may not be reclassified subsequently to the consolidated statement of income:</i>				
Group's share in associates' reserves	802,320	514,853	929,547	439,882
Change in fair value reserve	91,433	71,159	6,470	(374,678)
	<u>893,753</u>	<u>586,012</u>	<u>936,017</u>	<u>65,204</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation reserve	(30,612)	24,901	(104,750)	140,526
<b>Total other comprehensive income</b>	<u>863,141</u>	<u>610,913</u>	<u>831,267</u>	<u>205,730</u>
<b>Total comprehensive income for the period</b>	<u>14,186,434</u>	<u>1,959,723</u>	<u>18,479,306</u>	<u>2,399,848</u>
<b>Distributed as follows:</b>				
Shareholders of the Parent Company	13,709,214	1,645,410	17,261,060	1,832,941
Non-controlling interests	477,220	314,313	1,218,246	566,907
<b>Total comprehensive income for the period</b>	<u>14,186,434</u>	<u>1,959,723</u>	<u>18,479,306</u>	<u>2,399,848</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 nine months ended 30 September 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	
<b>Balance as at 1 January 2020</b>	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	-	-	-	-	-	-	1,627,211	1,627,211	566,907	2,194,118
Total comprehensive income for the period	-	-	-	-	-	205,730	-	205,730	-	205,730
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	86,812	86,812	-	86,812
Sale of investment at FVTOCI	-	-	-	-	-	(208,999)	455,833	246,834	-	246,834
Cash dividends	-	-	-	-	-	-	(8,708,794)	(8,708,794)	-	(8,708,794)
Issue of bouns shares	(5,361,261)	-	-	-	-	-	(5,361,261)	-	-	-
Cash dividends of subsidiary	-	-	-	-	-	-	-	-	(520,355)	(520,355)
Purchase of treasury shares	-	-	(2,224,122)	-	-	-	-	(2,224,122)	-	(2,224,122)
<b>Balance as at 30 September 2020</b>	184,069,975	1,308,384	(5,420,684)	38,443,068	28,580,127	5,197,457	33,549,186	285,727,513	22,760,683	308,488,196
<b>Balance as at 1 January 2021</b>	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	-	-	-	-	-	-	16,432,130	16,432,130	1,215,909	17,648,039
Total comprehensive income for the period	-	-	-	-	-	828,930	-	828,930	2,337	831,267
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	(68,204)	(68,204)	-	(68,204)
Sale of investment at FVTOCI	-	-	-	-	-	(194,173)	1,096,883	902,710	12,873	915,583
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	-	-	(1,805,763)	-	-	-	-	(1,805,763)	-	(1,805,763)
<b>Balance as at 30 September 2021</b>	184,069,975	1,308,384	(6,254,765)	38,548,936	28,633,060	6,477,540	40,979,282	293,762,412	24,213,762	317,976,174

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

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

(All amounts are in Kuwaiti Dinar)

	Notes	For the nine months ended 30 September	
		2021	2020
<b>Operating activities:</b>			
Net profit for the period		17,648,039	2,194,118
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		790,371	1,504,836
Change in fair value investment properties		-	380,286
Provide of provisions and impairment		465,378	89,743
Share of associates results		(321,659)	441,190
Net gain on investments	14	(1,373,260)	(811,488)
Finance cost		4,168,384	5,041,730
Employees' end of service indemnity provided during the period		127,470	166,558
<i>Operating cash flow before changes in the working capital</i>		<u>21,504,723</u>	<u>9,006,973</u>
Lands and properties held for trading		1,096,898	(173,953)
Receivables and other debit balances		(992,465)	(974,125)
Payables and other credit balances		(363,391)	(633,535)
Employees' end of service indemnity paid during the period		(201,573)	(103,627)
Net cash generated from operating activities		<u>21,044,192</u>	<u>7,121,733</u>
<b>Investing activities:</b>			
Payment for addition of investment properties		(485,068)	(658,231)
Payment for purchase of property, plant and equipment		(387,277)	(520,315)
Advance payments for acquisition of investments		(7,940,310)	-
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		(1,261,419)	(4,087,368)
Proceeds on sale of Investment at FVTOCI		4,605,761	5,583,740
Proceeds on sale of Investment at fair value through statement of income		10,530	-
Dividend received from associates	6	616,826	1,422,120
Cash dividends received on investments		1,550,831	1,392,508
Deposits with financial institution		(300,000)	200,000
Net cash generated from investing activities		<u>(3,679,203)</u>	<u>3,332,454</u>
<b>FINANCING ACTIVITIES:</b>			
Financing from third party		(3,769,124)	5,571,371
Finance charges paid		(4,127,268)	(5,329,904)
Dividend paid		(5,371,554)	(8,136,712)
Payment for acquisition of treasury shares		(1,805,763)	(2,224,122)
Non-controlling interests		(455,311)	(520,355)
Net cash used in financing activities		<u>(15,529,020)</u>	<u>(10,639,722)</u>
Net increase in cash and cash equivalents		1,835,969	(185,535)
Cash and cash equivalents at the beginning of the period		4,673,975	3,824,768
<b>Cash and cash equivalents at the end of the period</b>	8	<u>6,509,944</u>	<u>3,639,233</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 nine months ended 30 September 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 September 2021	31 December 2020 (audited)	30 September 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 10 November 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 nine-month period ended 30 September 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 nine months ended 30 September 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"> <li>- The amendments apply to all entities and are not optional.</li> <li>- The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.</li> </ul>
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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 nine months ended 30 September 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		30 September 2020	Fair value hierarchy	Valuation methods and key inputs	Significant unobservable inputs	Relation of unobservable inputs to fair value
	30 September 2021	31 December 2020 (audited)					
<b>Financial assets</b>							
<b>Investments at fair value - other comprehensive income</b>							
Quoted shares	636,053	220,631	219,438	Level 1	Last bid price	N/A	N/A
Private equity	31,625,326	36,330,386	36,408,649	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
<b>Investments at fair value – statement of income:</b>							
Quoted shares	870,542	732,838	883,204	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 nine months ended 30 September 2021  
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investment properties

	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
Balance at beginning of the period/ year	377,533,432	377,023,226	377,023,226
Additions	485,068	1,147,773	658,231
Change in fair value	-	(637,567)	(380,286)
Balance at end of the period/year	<u>378,018,500</u>	<u>377,533,432</u>	<u>377,301,171</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 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
<b>Lease liabilities (non-current)</b>			
Amounts due after 12 months	<u>2,474,924</u>	<u>2,543,501</u>	<u>2,569,025</u>
<b>Lease liabilities (current)</b>			
Amounts due within 12 months	<u>94,061</u>	<u>96,637</u>	<u>94,508</u>
	<u>2,568,985</u>	<u>2,640,138</u>	<u>2,663,533</u>

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between one to five 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 September 2021 (unaudited)	31 December 2020 (audited)	30 September 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	321,659	(1,021,476)	(441,190)
Group's share of associates reserves	929,547	694,940	439,882
(Loss)/ profit of investments at FVTOCI	(68,204)	86,812	86,812
Translation of foreign currencies	(104,750)	41,597	140,526
Cash dividends	(616,826)	(2,797,721)	(2,797,721)
	<u>44,651,055</u>	<u>44,180,790</u>	<u>44,467,417</u>

7. Receivables and other debit balances

	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
Trade receivables	14,593,250	7,814,964	8,542,822
Due from related parties (Note 17)	90,041	191,981	214,289
Provision for credit losses	(5,226,900)	(5,181,225)	(4,567,313)
	<u>9,456,391</u>	<u>2,825,720</u>	<u>4,189,798</u>
Prepaid expenses	137,529	192,963	149,837
Advance payments for acquisition of investments	7,940,310	3,725,338	83,149
Advance payment for purchase of land	5,121,060	4,962,370	4,873,614
Refundable deposits	341,491	344,246	344,246
Advances to contractors and suppliers	573,029	490,603	474,499
Other debit balances	3,819,720	3,706,096	3,438,306
	<u>17,933,139</u>	<u>13,421,616</u>	<u>9,363,651</u>
Provisions	(397,303)	-	-
	<u>17,535,836</u>	<u>13,421,616</u>	<u>9,363,651</u>
	<u>26,992,227</u>	<u>16,247,336</u>	<u>13,553,449</u>

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses as follows:

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Balance at beginning of the period/year	5,181,225	4,477,570	4,477,570
Provision created during the period/year	81,941	889,115	89,743
Reversal of provision for credit losses	(13,866)	(89,352)	-
Bad debts	(22,400)	(96,108)	-
Balance at end of the period/year	<u>5,226,900</u>	<u>5,181,225</u>	<u>4,567,313</u>

**8. Cash and cash equivalents**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Cash in hand	5,660	5,127	5,881
Cash at banks and financial institutions	5,344,284	2,668,848	3,633,352
Deposits with financial institution	1,460,000	2,000,000	-
	<u>6,809,944</u>	<u>4,673,975</u>	<u>3,639,233</u>
Less: deposits with financial institution more than 3 months	300,000	-	-
Cash and cash equivalent for cash flow	<u>6,509,944</u>	<u>4,673,975</u>	<u>3,639,233</u>

**9. Treasury shares**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Number of shares (No's)	63,827,290	82,427,994	59,716,916
Percentage of issued shares (%)	3.47	4.48	3.25
Market value	7,850,757	9,396,791	5,971,692
Cost	6,254,765	7,953,856	5,420,684

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**

	<b>Change of fair value reserve</b>	<b>Group's share in associates' reserves</b>	<b>Translation of foreign currencies</b>	<b>Property, plant and equipment revaluation surplus</b>	<b>Treasury shares reserve</b>	<b>Total</b>
<b>As at 1 January 2020</b>	(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	(374,678)	439,882	140,526	-	-	205,730
<b>As at 30 September 2020</b>	<u>(1,841,009)</u>	<u>742,000</u>	<u>466,104</u>	<u>5,547,886</u>	<u>282,476</u>	<u>5,197,457</u>
<b>As at 1 January 2021</b>	(1,837,668)	992,967	367,175	5,547,886	282,476	5,352,836
Total comprehensive income for the period	6,470	927,210	(104,750)	-	-	828,930
Sale of investment at FVTOCI	(194,173)	-	-	-	-	(194,173)
In-kind dividends from treasury shares	-	-	-	-	489,947	489,947
<b>As at 30 September 2021</b>	<u>(2,025,371)</u>	<u>1,920,177</u>	<u>262,425</u>	<u>5,547,886</u>	<u>772,423</u>	<u>6,477,540</u>

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**11. Financing from third party**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Finance from third party – non current portion	182,974,227	192,896,791	191,503,904
Finance from third party – current portion	24,831,459	18,678,019	16,307,521
	<u>207,805,686</u>	<u>211,574,810</u>	<u>207,811,425</u>
Cost rate (%)	1.99-3.0	2.09-3.0	2.1-4.0

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

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Property, plant and equipment	20,983,153	21,471,165	21,649,695
Investment property	283,307,989	260,153,560	283,546,678

**12. Payables and other credit balances**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Trade payables	626,891	878,692	848,929
Due to related parties (Note 17)	46,419	26,393	99,273
Retentions	955,718	1,050,096	1,108,951
Accrued expense	2,493,973	2,638,184	3,116,526
Revenues received in advance	494,996	620,918	398,596
Deposits from others	3,582,355	3,566,431	3,665,989
Kuwait Foundation for the Advancement of Science (KFAS)	233,440	94,316	94,790
National Labour Support Tax (NLST)	459,251	53,301	55,301
Zakat payable	161,595	-	10,559
Dividends payable to shareholders	370,816	475,221	832,899
Other credit balances*	5,589,896	5,969,900	5,302,489
	<u>15,015,350</u>	<u>15,373,452</u>	<u>15,534,302</u>

\* Other credit balances include lease liabilities of KD 94,061 due within 12 months.

**13. Net income from operating activities**

	<b>For the three months ended 30 September</b>		<b>For the nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>				
Real estate rental income	5,987,929	4,885,575	17,293,840	13,523,753
revenues from hotel operation	570,929	29,767	1,132,814	1,100,274
	<u>6,558,858</u>	<u>4,915,342</u>	<u>18,426,654</u>	<u>14,624,027</u>
Gain on sale of land and properties held for trading	10,104,240	10,298	14,284,844	10,298
	<u>16,663,098</u>	<u>4,925,640</u>	<u>32,711,498</u>	<u>14,634,325</u>
<b>Expenses</b>				
Operating expenses	(1,238,629)	(1,024,857)	(3,420,265)	(3,062,026)
Hotel and hospitality expenses	(542,432)	(667,932)	(1,465,650)	(2,451,452)
	<u>(1,781,061)</u>	<u>(1,692,789)</u>	<u>(4,885,915)</u>	<u>(5,513,478)</u>
Net income from operating activities	<u>14,882,037</u>	<u>3,232,851</u>	<u>27,825,583</u>	<u>9,120,847</u>

Hotel and hospitality expenses include an amount of KD 651,920 (KD 1,392,430 - 2020) which represents the current period depreciation of the hotel building and related equipment.

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**14. Net gain on investments**

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
<b>Investment at FVOCI</b>				
Cash dividends	439,557	516,558	1,383,563	1,378,073
	439,557	516,558	1,383,563	1,378,073
<b>Investments at fair value through profit or loss</b>				
Change in fair value	(39,570)	96,552	(272,509)	(586,765)
Cash dividends	213,132	-	251,676	20,180
Gain on sale	10,530	-	10,530	-
	184,092	96,552	(10,303)	(566,585)
	623,649	613,110	1,373,260	811,488

**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 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 September		For the nine months ended 30 September	
	2021	2020	2021	2020
Net profit for the period (KD)	12,849,133	1,034,497	16,432,130	1,627,211
Weighted average number of outstanding shares (share)	1,820,132,727	1,788,149,872	1,769,172,077	1,792,223,076
<b>Basic earnings per shaers (fils)</b>	7.06	0.58	9.29	0.91

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

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**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:

Transaction	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
Key management benefits	154,948	155,273	493,894	462,253
Operating revenue	5,181	5,338	15,636	14,748
Operating expenses and other charges	70,054	59,895	309,836	227,755
Purchase of property, plant and equipment	31,378	69,988	161,307	111,359
Advance payment for acquisition of investments	1,127,311	-	4,549,720	-
			<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
<b>Balances</b>			<b>30 September 2020 (unaudited)</b>	
Receivables and other debit balances (Note 7)		90,041	191,981	214,289
Payables and other credit balances (Note 12)		46,419	26,393	99,273
Balances due to key management		164,308	621,630	527,387

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 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
<b>Capital commitments</b>			
Uncalled capital – investments	4,678,904	271,445	451,127
Contract for projects and investment properties under development	1,980,836	2,200,339	2,689,938
	<u>6,659,740</u>	<u>2,471,784</u>	<u>3,141,065</u>
<b>Contingent liabilities</b>			
Letters of guarantee	<u>3,759,088</u>	<u>3,459,988</u>	<u>3,459,088</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 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 nine months ended 30 September 2021				For the nine months ended 30 September 2020			
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	32,893,766	1,132,814	1,694,919	35,721,499	13,269,711	1,100,274	370,298	14,740,283
Direct cost	(5,651,358)	(1,465,650)	(542,610)	(7,659,618)	(3,854,473)	(2,451,452)	(119,937)	(6,425,862)
Gross profit	27,242,408	(332,836)	1,152,309	28,061,881	9,415,238	(1,351,178)	250,361	8,314,421
Unallocated costs				(10,413,842)				(6,120,303)
Net profit for the period				17,648,039				2,194,118

**Geographic distribution:**

**A- Assets and liabilities**

	Assets		Liabilities	
	30 September 2021	31 December 2020 (audited)	30 September 2021	31 December 2020 (audited)
State of Kuwait	434,227,751	430,800,344	221,552,207	225,613,475
Gulf countries	62,762,213	56,876,300	4,679,103	4,887,741
Other	47,217,520	49,002,284	-	-
	544,207,484	536,678,928	226,231,310	230,501,216
		535,419,025		226,930,829

**B- Statement of income**

	For the nine months ended 30 September 2021			For the nine months ended 30 September 2020		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
Total income	28,058,653	239,345	1,385,486	8,849,886	(951,137)	1,331,683
Total expenses	(6,887,249)	(5,148,196)	-	(6,382,714)	(653,600)	-
Net profit	21,171,404	(4,908,851)	1,385,486	2,467,172	(1,604,737)	1,331,683
			17,648,039			2,194,118

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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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% (2 treasury shares per 100 shares) for the year ended 31 December 2020 (cash dividends 5% per share and 3% bonus share from paid up capital– 3 shares per 100 share - 31 December 2019).

**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.