



**Interim Condensed Consolidated Financial Information (Unaudited)
And the review report for the Six months ended 30 June 2023**



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 2023

Contents	Page
Review Report	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of income (unaudited)	3
Interim condensed consolidated statement of comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim condensed consolidated financial information (unaudited)	7 - 15

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 2023, and the related interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income for the three-month and six-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 six 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.

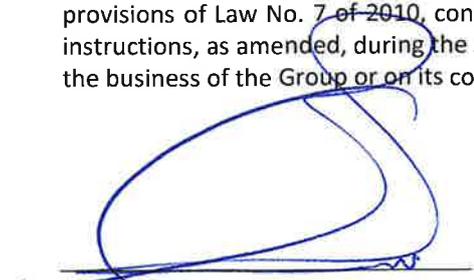
Conclusion

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".

Report on Other Legal and Regulatory Requirements

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 2023 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 executive regulations and related instructions, as amended, during the Six-months period ended 30 June 2023, 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, 14 August 2023

**Interim Condensed Consolidated Statement of Financial Position as at 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		21,587,982	21,993,873	22,429,991
Investment property	5	370,785,764	370,673,658	374,198,997
Investments in associates	6	40,053,408	40,750,576	42,071,878
Investment at fair value through other comprehensive income	3	57,541,740	57,475,854	49,388,401
		<u>489,968,894</u>	<u>490,893,961</u>	<u>488,089,267</u>
Current assets				
Land and properties held for trading	7	17,039,458	17,006,137	16,961,051
Investments at fair value through profit or loss	3	35,628,388	33,672,313	29,423,474
Receivables and other debit balances	8	6,846,944	6,135,323	8,317,943
Cash and cash equivalents	9	4,187,296	5,349,916	6,714,591
		<u>63,702,086</u>	<u>62,163,689</u>	<u>61,417,059</u>
Total assets		<u>553,670,980</u>	<u>553,057,650</u>	<u>549,506,326</u>
Equity and liabilities				
Equity attributable to the shareholders of the Parent Company				
Share capital		184,069,975	184,069,975	184,069,975
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	10	(6,295,670)	(9,554,851)	(8,587,953)
Statutory reserve		41,177,521	41,177,521	39,876,386
Voluntary reserve		29,296,785	29,296,785	29,296,785
Other reserve	11	2,599,435	5,069,973	6,800,486
Retained earnings		34,332,492	38,296,270	35,271,559
Total equity attributable to the shareholders of the Parent Company		<u>286,488,922</u>	<u>289,664,057</u>	<u>288,035,622</u>
Non-controlling interests		24,083,770	23,435,358	23,685,785
Total equity		<u>310,572,692</u>	<u>313,099,415</u>	<u>311,721,407</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,167,170	1,094,999	1,034,284
Lease liabilities	5	2,283,303	2,353,486	2,393,136
Financing from third party	12	211,300,704	190,989,602	202,645,756
		<u>214,751,177</u>	<u>194,438,087</u>	<u>206,073,176</u>
Current liabilities				
Payables and other credit balances	13	15,097,134	15,974,376	16,290,078
Financing from third party	12	13,249,977	29,545,772	15,421,665
		<u>28,347,111</u>	<u>45,520,148</u>	<u>31,711,743</u>
Total liabilities		<u>243,098,288</u>	<u>239,958,235</u>	<u>237,784,919</u>
Total equity and liabilities		<u>553,670,980</u>	<u>553,057,650</u>	<u>549,506,326</u>

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



Abdul Fatah M.R. Mārafie
Chairman

Adwan M. Al-Adwani
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
Revenue					
Rental income from investment properties and revenue from hotel operations		7,553,963	7,120,520	15,035,338	14,215,365
Gain on sale of land and properties held for trading		-	586,393	-	586,393
Operating expenses		(2,209,568)	(2,020,697)	(4,428,190)	(3,603,283)
Net income from operating activities	14	5,344,395	5,686,216	10,607,148	11,198,475
Share of profit from associates	6	1,486,545	1,980,883	1,864,695	1,948,458
Net gain on investments	15	2,030,802	555,713	2,702,994	1,072,855
Change in Exchange rate		4,442	(41,440)	(1,062)	(47,438)
Other income		67,042	11,396	96,525	39,680
Total net income		8,933,226	8,192,768	15,270,300	14,212,030
Expenses and other charges					
Administrative expenses and other charges		1,091,671	869,894	1,954,357	1,622,299
Provision for ECL		395,198	-	395,198	-
Finance cost		2,747,518	1,343,390	5,429,766	2,594,791
Total expenses		4,234,387	2,213,284	7,779,321	4,217,090
Net profit for the period before deductions		4,698,839	5,979,484	7,490,979	9,994,940
Kuwait Foundation for the Advancement of Sciences (KFAS)		(4,311)	(31,227)	(15,627)	(57,877)
National Labour Support Tax (NLST)		(110,803)	(135,115)	(180,911)	(230,125)
Zakat Expense		(22,540)	(35,994)	(26,137)	(67,509)
Net profit for the period		4,561,185	5,777,148	7,268,304	9,639,429
Distributed as follows:					
Shareholders of the Parent Company		3,811,787	5,144,155	5,970,685	8,583,884
Non-controlling interests		749,398	632,993	1,297,619	1,055,545
		4,561,185	5,777,148	7,268,304	9,639,429
Basic earnings per share for Parent Company's shareholders (fils)	16	2.17	2.83	3.42	4.72

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 period ended 30 June 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Net profit for the period	4,561,185	5,777,148	7,268,304	9,639,429
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	261,141	(80,662)	(36,595)	109,504
Change in fair value reserve	(1,835,627)	(43,848)	(1,868,543)	(43,848)
	<u>(1,574,486)</u>	<u>(124,510)</u>	<u>(1,905,138)</u>	<u>65,656</u>
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation reserve	(59,743)	91,748	(467)	103,682
Total other comprehensive (loss)/ income	<u>(1,634,229)</u>	<u>(32,762)</u>	<u>(1,905,605)</u>	<u>169,338</u>
Total comprehensive income for the period	<u>2,926,956</u>	<u>5,744,386</u>	<u>5,362,699</u>	<u>9,808,767</u>
Distributed as follows:				
Shareholders of the Parent Company	2,161,697	5,114,643	4,048,295	8,756,472
Non-controlling interests	765,259	629,743	1,314,404	1,052,295
Total comprehensive income for the period	<u>2,926,956</u>	<u>5,744,386</u>	<u>5,362,699</u>	<u>9,808,767</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 period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Equity attributable to the shareholders of the Parent Company							Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 11)	Retained earnings			
Balance as at 1 January 2022	184,069,975	1,308,384	(6,796,105)	39,876,386	29,296,785	6,618,827	35,333,955	289,708,207	23,197,194	312,905,401
Net profit for the period	-	-	-	-	-	-	8,583,884	8,583,884	1,055,545	9,639,429
Total comprehensive income for the period	-	-	-	-	-	-	8,583,884	8,583,884	1,055,545	9,639,429
Sale of investment at FVTOCI	-	-	-	-	-	172,588	151,536	172,588	(3,250)	169,338
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	(13,021)	151,536	-	151,536
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	59,081	(13,021)	(109,210)	(50,129)
Adjustment of associate	-	-	-	-	-	-	(3,136)	(3,136)	-	(3,136)
Cash dividends	-	-	-	-	-	-	(8,840,740)	(8,840,740)	-	(8,840,740)
Cash dividends to non controlling in a subsidiary	-	-	-	-	-	-	-	-	(454,494)	(454,494)
Sale of treasury shares	-	-	41,943	-	-	9,071	-	51,014	-	51,014
Purchase of treasury shares	-	-	(1,833,791)	-	-	-	-	(1,833,791)	-	(1,833,791)
Balance as at 30 June 2022	184,069,975	1,308,384	(8,587,953)	39,876,386	29,296,785	6,800,486	35,271,559	288,035,622	23,685,785	311,721,407
Balance as at 1 January 2023	184,069,975	1,308,384	(9,554,851)	41,177,521	29,296,785	5,069,973	38,296,270	289,664,057	23,435,358	313,099,415
Net profit for the period	-	-	-	-	-	-	5,970,685	5,970,685	1,297,619	7,268,304
Total comprehensive income for the period	-	-	-	-	-	(1,922,390)	-	(1,922,390)	16,785	(1,905,605)
Sale of investment at FVTOCI	-	-	-	-	-	-	242,400	242,400	-	242,400
Sale of investment at FVTOCI – associate	-	-	-	-	-	-	(24,456)	(24,456)	-	(24,456)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	30,646	30,646	(53,176)	(22,530)
Cash dividends	-	-	-	-	-	-	(5,204,819)	(5,204,819)	-	(5,204,819)
In-kind distributions of treasury shares	-	-	5,526,382	-	-	(548,148)	(4,978,234)	-	-	-
Cash dividends to non controlling in a subsidiary	-	-	-	-	-	-	-	-	(612,816)	(612,816)
Purchase of treasury shares	-	-	(2,267,201)	-	-	-	-	(2,267,201)	-	(2,267,201)
Balance as at 30 June 2023	184,069,975	1,308,384	(6,295,670)	41,177,521	29,296,785	2,599,435	34,332,492	286,488,922	24,083,770	310,572,692

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 period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Notes	For the six months period ended 30 June	
		2023	2022
Operating activities:			
Net profit for the period		7,268,304	9,639,429
Adjustments for:			
Depreciation of property, plant and equipment		584,170	584,421
Provisions and impairment		395,198	-
Share of profit from investments in associates		(1,864,695)	(1,948,458)
Net gain on investments	15	(2,702,994)	(1,072,855)
Finance cost		5,429,766	2,594,791
Employees' end of service indemnity provided during the period		110,306	127,537
<i>Operating cash flow before changes in the working capital</i>		<u>9,220,055</u>	<u>9,924,865</u>
Payment for purchase of land and properties held for trading		(33,321)	(299,676)
Receivables and other debit balances		65,291	1,368,264
Payables and other credit balances		(682,984)	(698,500)
Employees' end of service indemnity paid during the period		(38,135)	(46,465)
Net cash generated from operating activities		<u>8,530,906</u>	<u>10,248,488</u>
Investing activities:			
Payment for purchase of investment property		(112,106)	(320,802)
Payment for purchase of property, plant and equipment		(178,279)	(156,654)
Advance payment for purchase investment		(64,468)	(1,057,673)
Payment to acquire shares in associate		(7,853)	(126,231)
Payment to acquire investment at FVTOCI		(1,870,559)	(142,788)
Proceed on sale of investment at fair value through profit of loss		366,277	-
Payment to acquire investment at fair value through profit or loss		(2,054,178)	(14,996,889)
Proceeds on sale of Investment at FVTOCI		119,749	372,316
Paid to acquire additional shares in a subsidiary		(22,530)	(50,129)
Dividend and accrued dividends received from associates	6	2,358,198	2,265,655
Dividend received from investment		<u>1,535,963</u>	<u>1,004,994</u>
Net cash generated from / (used in) investing activities		<u>70,214</u>	<u>(13,208,201)</u>
FINANCING ACTIVITIES:			
Net financing from third party		4,015,307	13,857,484
Finance charges paid		(5,611,542)	(2,515,820)
Dividend paid		(5,229,702)	(8,696,737)
Payment for buy-back of treasury shares		(2,267,201)	(1,833,791)
Proceeds from sale of treasury shares		-	51,014
Paid for the right to use leased assets		(57,786)	(57,786)
Dividend paid for non-controlling interest in subsidiaries		(612,816)	(454,494)
Net cash (used in) / generated from financing activities		<u>(9,763,740)</u>	<u>349,870</u>
Net decrease in cash and cash equivalents		(1,162,620)	(2,609,843)
Cash and cash equivalents at the beginning of the period		<u>5,349,916</u>	<u>9,024,434</u>
Cash and cash equivalents at the end of the period	9	<u>4,187,296</u>	<u>6,414,591</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 period ended 30 June 2023
(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 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 2023	31 December 2022 (audited)	30 June 2022
Al Mutajara Real Estate Company K.S.C.C.	Real estate	Kuwait	77.85 %	77.77 %	77.76 %
Commercial Real Estate Development Company	Real estate	Bahrain	100 %	100 %	100 %
Commercial Real Estate Development Company	Real estate	Morocco	100 %	100 %	100 %
Al-Salmiya Group K.S.C. (Closed)	Real estate	Kuwait	81.90 %	81.90 %	81.90 %

During the period, the general assembly meeting of the Parent Company shareholders was held on 11 April 2023 to approve the consolidated financial statements for the year ended 31 December 2022.

This interim condensed consolidated financial information was authorized for issue by Parent Company's Board of Director's on 14 August 2023.

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 2022. 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 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

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 2022 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

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

The adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2023 did not result in any material impact on the accounting policies, financial position or performance of the Group.

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(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 2023	31 December 2022	30 June 2022				
Financial assets							
Investments at fair value - other comprehensive income							
Quoted shares	440,659	464,935	584,254	Level 1	Last bid price	N/A	N/A
Private equity	53,726,234	55,250,956	47,223,670	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	3,374,847	1,759,963	1,580,477	Level 3	Income approach/market multiple model	Adjusted NAV	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at fair value – statement of income:							
Quoted shares	1,005,080	992,417	992,417	Level 1	Last bid price	N/A	N/A
Private equity	34,623,308	32,679,896	28,431,057	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 been 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.

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Investment properties

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Balance at beginning of the period/ year	370,673,658	373,878,195	373,878,195
Additions	112,106	297,477	320,802
Change in fair value	-	(3,502,014)	-
Balance at end of the period/year	<u>370,785,764</u>	<u>370,673,658</u>	<u>374,198,997</u>

Investments properties include the fair value of right of use Boulevard project that expires in year 2036. The balance of lease liabilities distributed as follows:

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
<u>Lease liabilities (non-current)</u>			
Amounts due after 12 months	2,283,303	2,353,486	2,393,136
<u>Lease liabilities (current)</u>			
Amounts due within 12 months	109,461	91,001	101,041
	<u>2,392,764</u>	<u>2,444,487</u>	<u>2,494,177</u>

6. Investments in associates

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Balance as at the beginning of the period/year	40,750,576	40,968,845	40,968,845
Additions during the period/ year	7,853	152,854	126,231
Group's share in a associates results	1,864,695	(2,231,348)	1,948,458
Group's share in a associates reserves	(36,595)	(1,094,853)	109,504
(Losses) of sale investments at FVTOCI	(24,456)	(13,021)	(13,021)
Translation of foreign currencies	(467)	254,169	103,682
Reversal of Impairment in associate	-	3,634,018	-
Adjustment of associates financials	-	(3,136)	(3,136)
Share of other reserves in associates	-	251,733	-
Cash dividends	(2,508,198)	(1,168,685)	(1,168,685)
	<u>40,053,408</u>	<u>40,750,576</u>	<u>42,071,878</u>

7. Lands and properties held for trading

Lands and properties held for trading includes lands in Kingdom of Bahrain amounted to KD 4,536,497 registered in the name of a related party, and there is a concession in favor of the parent company.

8. Receivables and other debit balances

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Trade receivables	5,395,777	5,854,405	7,993,691
Due from related parties (Note 17)	263,400	-	683
Provision for impairment	(4,029,308)	(3,634,110)	(5,942,429)
	<u>1,629,869</u>	<u>2,220,295</u>	<u>2,051,945</u>
Prepaid expenses	260,544	172,733	226,382
Advance payments for acquisition of investments	332,718	66,250	2,538,977
Refundable deposits	339,716	339,091	339,091
Advances to contractors and suppliers	570,555	524,793	421,450
Other debit balances	3,951,816	3,050,435	2,740,098
	<u>5,455,349</u>	<u>4,153,302</u>	<u>6,265,998</u>
Provisions	(238,274)	(238,274)	-
	<u>5,217,075</u>	<u>3,915,028</u>	<u>6,265,998</u>
	<u>6,846,944</u>	<u>6,135,323</u>	<u>8,317,943</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement in credit losses is as follows:

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Balance at beginning of the period/year	3,634,110	5,942,429	5,942,429
Provision created during the period/year	395,198	15,944	-
Reversal of provision for doubtful debts	-	(87,213)	-
Bad debts	-	(2,237,050)	-
Balance at end of the period/year	<u>4,029,308</u>	<u>3,634,110</u>	<u>5,942,429</u>

9. Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Cash in hand	5,572	5,580	5,368
Cash at banks and financial institutions	1,665,724	2,465,432	4,795,223
Deposits with financial institution	2,516,000	2,878,904	1,914,000
	<u>4,187,296</u>	<u>5,349,916</u>	<u>6,714,591</u>
Less: deposits with financial institution more than 3 months	-	-	(300,000)
Cash and cash equivalent for cash flow	<u>4,187,296</u>	<u>5,349,916</u>	<u>6,414,591</u>

10. Treasury shares

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Number of shares (No's)	64,364,178	93,381,034	83,757,003
Percentage of issued shares (%)	3.5	5.07	4.55
Market value	6,500,782	9,039,284	8,794,485
Cost	6,295,670	9,554,851	8,587,953

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

11. 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 2022	(2,368,338)	2,428,897	237,959	5,547,886	772,423	6,618,827
Total comprehensive income for the period	(43,848)	112,754	103,682	-	-	172,588
Profit from sale treasury shares	-	-	-	-	9,071	9,071
As at 30 June 2022	<u>(2,412,186)</u>	<u>2,541,651</u>	<u>341,641</u>	<u>5,547,886</u>	<u>781,494</u>	<u>6,800,486</u>
As at 1 January 2023	(3,116,745)	1,365,210	492,128	5,547,886	781,494	5,069,973
Total comprehensive income for the period	(1,878,870)	(43,053)	(467)	-	-	(1,922,390)
Treasury shares distribution	-	-	-	-	(548,148)	(548,148)
As at 30 June 2023	<u>(4,995,615)</u>	<u>1,322,157</u>	<u>491,661</u>	<u>5,547,886</u>	<u>233,346</u>	<u>2,599,435</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

12. Financing from third party

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Finance from third party – current portion	13,249,977	29,545,772	15,421,665
Finance from third party – non current portion	211,300,704	190,989,602	202,645,756
	<u>224,550,681</u>	<u>220,535,374</u>	<u>218,067,421</u>
Cost rate (%)	5-5.125	3.5-4.6	2.50-3.38

Finance granted by third party is secured against mortgage of the following assets:

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Property, plant and equipment	19,831,369	20,187,908	20,503,695
Investment property	284,332,368	284,317,880	283,485,135

13. Payables and other credit balances

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Trade payables	693,973	687,883	676,554
Due to related parties (Note 17)	90,282	88,555	115,717
Retentions	920,187	920,187	916,440
Accrued expense	2,239,575	2,677,505	2,326,742
Revenues received in advance	552,548	547,444	749,403
Deposits from others	3,637,771	3,601,803	3,590,932
Kuwait Foundation for the Advancement of Science (KFAS)	15,627	261,902	242,772
National Labour Support Tax (NLST)	180,911	277,854	230,125
Zakat payable	26,137	72,799	67,509
Dividends payable to shareholders	347,985	372,868	501,729
Other credit balances*	6,392,138	6,465,576	6,872,155
	<u>15,097,134</u>	<u>15,974,376</u>	<u>16,290,078</u>

* Other credit balances include lease liabilities of KD 109,461 due within 12 months.

14. Net income from operating activities

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Revenues				
Real estate rental income	6,598,823	6,381,979	13,208,253	12,989,127
Revenues from hotel operation	955,140	738,541	1,827,085	1,226,238
	<u>7,553,963</u>	<u>7,120,520</u>	<u>15,035,338</u>	<u>14,215,365</u>
Gain on sale of land and properties held for trading	-	586,393	-	586,393
	<u>7,553,963</u>	<u>7,706,913</u>	<u>15,035,338</u>	<u>14,801,758</u>
Expenses				
Operating expenses	(1,393,690)	(1,345,318)	(2,816,789)	(2,370,968)
Hotel and hospitality expenses	(815,878)	(675,379)	(1,611,401)	(1,232,315)
Net income from operating activities	<u>(2,209,568)</u>	<u>(2,020,697)</u>	<u>(4,428,190)</u>	<u>(3,603,283)</u>
	<u>5,344,395</u>	<u>5,686,216</u>	<u>10,607,148</u>	<u>11,198,475</u>

Hotel and hospitality expenses include an amount of KD 422,822 (KD 433,956 - 2022) which represents the current period depreciation of the hotel building and related equipment.

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. All operating lease contracts contain extension options for the lessees' event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Net gain on investments

	For the three months ended		For the six months ended	
	30 June		30 June	
	2023	2022	2023	2022
Investment at FVOCI				
Cash dividends	807,669	655,219	1,642,781	1,061,565
	807,669	655,219	1,642,781	1,061,565
Investments at fair value through profit or loss				
Change in fair value	686,651	(99,716)	485,635	11,080
Selling losses	(33,842)	-	(33,842)	-
Cash dividends	570,324	210	608,420	210
	1,223,133	(99,506)	1,060,213	11,290
	2,030,802	555,713	2,702,994	1,072,855

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		For the six months ended	
	30 June		30 June	
	2023	2022	2023	2022
Net profit for the period (KD)	3,811,787	5,144,155	5,970,685	8,583,884
Weighted average number of outstanding shares (share)	1,758,796,074	1,815,166,851	1,748,108,153	1,817,698,620
Basic earnings per shares (fils)	2.17	2.83	3.42	4.72

Earnings per share for the current period and comparative period has been amended taking into consideration the effect of bonus share distributed in the current year (note 19).

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 general assembly. Significant related party transactions and balances resulting therefrom were as follows:

Transaction	For the three months ended 30		For the six months ended	
	June		30 June	
	2023	2022	2023	2022
Key management benefits	162,623	211,807	364,059	394,500
Operating revenue	18,848	32,831	38,039	38,073
Investment in fair value through other profit or loss	242,400	-	242,400	-
Operating expenses and other charges	129,659	113,025	253,661	193,225
Property, plant and equipment	39,529	-	48,043	6,649
Advance payment for acquisition of Investments	-	-	64,468	597,173
		30 June	31 December	30 June
		2023	2022	2022
		(unaudited)	(audited)	(unaudited)
Balances				
Receivables and other debit balances		263,400	-	683
Payables and other credit balances		90,282	88,555	115,717
Balances due to key management		571,062	634,923	339,033

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

18. Capital commitments and contingent liabilities

	30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Capital commitments			
Uncalled capital – investments	1,170,164	1,706,550	2,225,199
Contract for projects and investment properties under development	1,967,253	1,847,283	1,861,698
	<u>3,137,417</u>	<u>3,553,833</u>	<u>4,086,897</u>
Contingent liabilities			
Letters of guarantee	3,860,488	4,160,488	3,759,338

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. Segment information

The Group is organized into two 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 period ended 30 June 2023				For the six months period ended 30 June 2022			
	Real estate sector	Hotel	Investment sector	Total	Real estate sector	Hotel	Investment sector	Total
Revenue	13,208,253	1,827,085	4,567,689	19,603,027	13,604,127	1,226,238	3,021,313	17,851,678
Direct cost	(3,862,117)	(1,611,401)	(174,012)	(5,647,530)	(2,979,715)	(1,232,315)	(122,827)	(4,334,857)
Gross profit / (loss)	9,346,136	215,684	4,393,677	13,955,497	10,624,412	(6,077)	2,898,486	13,516,821
Unallocated costs				(6,687,193)				(3,877,392)
Net profit for the period				7,268,304				9,639,429

Geographic distribution:

A- Assets and liabilities

	Assets		Liabilities	
	30 June 2023	31 December 2022 (audited)	30 June 2022	31 December 2022 (audited)
State of Kuwait	419,026,267	417,628,851	423,845,754	234,319,570
Gulf countries	61,288,851	63,514,477	62,702,750	5,638,665
Other	73,355,862	71,914,322	62,957,822	-
	553,670,980	553,057,650	549,506,326	239,958,235
			243,098,288	237,784,919

B- Statement of income

	For the six months period ended 30 June 2023			For the six months period ended 30 June 2022		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
Total income	12,888,361	965,022	1,416,917	13,065,013	112,848	1,034,169
Total expenses	(7,495,585)	(506,411)	-	(4,320,157)	(252,444)	-
Net profit	5,392,776	458,611	1,416,917	8,744,856	(139,596)	1,034,169
				7,268,304	(139,596)	9,639,429

**Notes to the Interim Condensed Consolidated Financial Information for the six months period ended 30 June 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

20. Dividends

On 11 April 2023 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 3% bonus share from treasury shares -3 treasury shares per every 100 shares-, for the year ended 31 December 2022 (cash dividends 5% per share: 31 December 2021).