



Grant Thornton
Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Kuwait Real Estate Company – KPSC and Subsidiaries

Kuwait

30 June 2023 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Kuwait Real Estate Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Real Estate Company - KPSC ("the Parent Company") and its subsidiaries ("the Group") as of 30 June 2023 and the related interim condensed consolidated statements of profit or loss and profit or loss and other comprehensive income for the three-month and six-month periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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 34, "Interim Financial Reporting".

Report on review of 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, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority and its relevant regulations have occurred during the six-month period ended 30 June 2023 that might have had a material effect on the business or financial position of the Parent Company.



Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
9 August 2023

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Six months ended	
		30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD
Income					
Real estate rental income		7,394,621	6,562,536	14,753,339	13,908,867
Real estate operating expenses		(1,987,561)	(1,439,104)	(3,560,201)	(3,084,692)
Net rental income		5,407,060	5,123,432	11,193,138	10,824,175
Change in fair value of investment properties	9	(1,945,922)	(1,881,510)	(3,891,845)	(3,763,020)
Gain/(loss) on sale of investment properties		2,975,478	(46,748)	7,388,521	(74,138)
Change in fair value of financial assets at FVTPL		2,673	(32,153)	(42,268)	(32,622)
(Loss)/gain on sale of financial assets at FVTPL		-	(417)	-	9,813
Dividend income		239,147	272,110	277,316	320,447
Share of results of associates		76,860	1,920,612	124,867	2,200,980
Loss on disposal of associate	14	(120,000)	-	(120,000)	-
Other income		130,463	14,541	171,079	228,529
		6,765,759	5,369,867	15,100,808	9,714,164
Expenses and other charges					
General and administrative expenses		(926,584)	(533,584)	(1,815,336)	(1,237,381)
Finance costs		(2,709,850)	(1,901,591)	(5,182,732)	(3,318,825)
		(3,636,434)	(2,435,175)	(6,998,068)	(4,556,206)
Profit for the period before provisions for National Labour Support Tax (NLST) and Zakat		3,129,325	2,934,692	8,102,740	5,157,958
NLST		(76,397)	(70,074)	(197,352)	(122,116)
Zakat		(42,090)	(37,457)	(101,688)	(68,876)
Profit for the period		3,010,838	2,827,161	7,803,700	4,966,966
Attributable to:					
Owners of the Parent Company		2,948,926	2,704,852	7,617,804	4,713,676
Non-controlling interests		61,912	122,309	185,896	253,290
Profit for the period		3,010,838	2,827,161	7,803,700	4,966,966
Basic and diluted earnings per share (Fils)	5	3.24	2.97	8.34	5.18

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD
Profit for the period	3,010,838	2,827,161	7,803,700	4,966,966
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>				
Change in fair value of financial assets at fair value through other comprehensive income	462,429	(1,906,094)	142,643	(1,907,871)
<i>Items that will be reclassified subsequently to the consolidated statement of profit or loss</i>				
Exchange differences arising on translation of foreign operations	(180,658)	289,950	(8,941)	352,019
Total other comprehensive income/(loss)	281,771	(1,616,144)	133,702	(1,555,852)
Total comprehensive income for the period	3,292,609	1,211,017	7,937,402	3,411,114
Attributable to:				
Owners of the Parent Company	3,230,697	1,088,707	7,751,506	3,157,824
Non-controlling interests	61,912	122,310	185,896	253,290
Total comprehensive income for the period	3,292,609	1,211,017	7,937,402	3,411,114

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Assets				
Cash and cash equivalents	6	6,907,570	8,606,784	8,336,659
Financial assets at FVTPL		6,812,928	6,817,273	6,992,456
Accounts receivable and other assets	7	20,964,604	9,032,765	9,244,152
Due from related parties	14	13,811,475	12,709,129	6,375,781
Trading properties		8,151,197	8,151,197	8,727,651
Investment in associates		11,675,992	11,708,391	10,700,567
Financial assets at FVTOCI	8	40,914,334	35,628,130	36,225,043
Capital work in progress		2,332,629	131,015	4,813,872
Properties under development		5,923,203	4,879,134	3,248,845
Investment properties	9	249,357,271	262,055,667	259,870,457
Property and equipment		1,535,532	812,309	234,497
Total assets		368,386,735	360,531,794	354,769,980
Liabilities and Equity				
Liabilities				
Due to banks		3,456,769	3,093,100	3,144,924
Accounts payable and other liabilities		21,212,527	20,360,760	16,855,996
Lease liabilities	10	7,657,940	15,643,979	16,557,338
Borrowings	11	194,442,571	180,264,916	180,505,040
Due to related parties	14	6,044,477	7,937,827	5,520,641
Provision for employees' end of service benefits		1,157,163	1,192,624	1,146,105
Total liabilities		233,971,447	228,493,206	223,730,044
Equity				
Share capital		94,736,506	94,736,506	94,736,506
Share premium		3,425,191	3,425,191	3,425,191
Treasury shares	12	(2,957,762)	(3,214,552)	(3,503,648)
Statutory and voluntary reserves		24,485,387	24,485,387	22,964,407
Other components of equity	13	(19,359,080)	(19,147,172)	(17,537,134)
Retained earnings		29,534,965	27,389,043	26,532,766
Equity attributable to the owners of the Parent Company		129,865,207	127,674,403	126,618,088
Non-controlling interests		4,550,081	4,364,185	4,421,848
Total equity		134,415,288	132,038,588	131,039,936
Total liabilities and equity		368,386,735	360,531,794	354,769,980



Talal Jassim Al-Bahar
Vice Chairman and Chief Executive Officer

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	
Balance at 1 January 2023 (audited)	94,736,506	3,425,191	(3,214,552)	24,485,387	(19,147,172)	27,389,043	127,674,403	4,364,185 132,038,588
Purchase of treasury shares	-	-	(11,081,122)	-	-	-	(11,081,122)	- (11,081,122)
Sale of treasury shares	-	-	8,366,212	-	(159,255)	-	8,206,957	- 8,206,957
Bonus shares distribution (note 16)	-	-	2,971,700	-	(177,702)	(2,793,998)	-	- -
Cash dividends distribution (note 16)	-	-	-	-	-	(2,686,537)	(2,686,537)	- (2,686,537)
Total transactions with the owners	-	-	256,790	-	(336,957)	(5,480,535)	(5,560,702)	- (5,560,702)
Profit for the period	-	-	-	-	-	7,617,804	7,617,804	185,896 7,803,700
Other comprehensive income for the period	-	-	-	-	133,702	-	133,702	- 133,702
Total comprehensive income for the period	-	-	-	-	133,702	7,617,804	7,751,506	185,896 7,937,402
Gain on sale of financial assets at FVTOCI	-	-	-	-	(8,653)	8,653	-	- -
Balance at 30 June 2023 (unaudited)	94,736,506	3,425,191	(2,957,762)	24,485,387	(19,359,080)	29,534,965	129,865,207	4,550,081 134,415,288

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited) (Continued)

	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	
Balance at 1 January 2022 (audited)	94,736,506	3,425,191	(5,735,769)	22,964,407	(15,855,824)	28,874,724	128,409,235	4,170,343 132,579,578
Gain on acquisition of additional interest in subsidiary	-	-	-	-	-	1,361	1,361	(1,785) (424)
Purchase of treasury shares	-	-	(9,623,145)	-	-	-	(9,623,145)	- (9,623,145)
Sale of treasury shares	-	-	7,257,677	-	135,832	-	7,393,509	- 7,393,509
Bonus shares distribution (note 16)	-	-	4,597,589	-	(284,562)	(4,313,027)	-	- -
Cash dividends distribution (note 16)	-	-	-	-	-	(2,720,696)	(2,720,696)	- (2,720,696)
Total transactions with the owners	-	-	2,232,121	-	(148,730)	(7,032,362)	(4,948,971)	(1,785) (4,950,756)
Profit for the period	-	-	-	-	-	4,713,676	4,713,676	253,290 4,966,966
Other comprehensive loss for the period	-	-	-	-	(1,555,852)	-	(1,555,852)	- (1,555,852)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,555,852)	4,713,676	3,157,824	253,290 3,411,114
Loss on sale of financial assets at FVTOCI	-	-	-	-	23,272	(23,272)	-	- -
Balance at 30 June 2022 (unaudited)	94,736,506	3,425,191	(3,503,648)	22,964,407	(17,537,134)	26,532,766	126,618,088	4,421,848 131,039,936

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Six months ended 30 June 2023 (Unaudited) KD	Six months ended 30 June 2022 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		7,803,700	4,966,966
Adjustments:			
Depreciation		112,984	16,453
Finance costs		5,182,732	3,318,825
Change in fair value of investments at FVTPL		42,268	32,622
Gain on sale of financial assets at FVTPL		-	(9,813)
Change in fair value of investment properties	9	3,891,845	3,763,020
(Gain) / loss on sale of investment properties		(7,388,521)	74,138
Share of results of associates		(124,867)	(2,200,980)
Loss on disposal of associate		120,000	-
Dividend income		(277,316)	(320,447)
Provision charge for employees' end of service benefits		669	82,698
		9,363,494	9,723,482
Changes in operating assets and liabilities:			
Due from related parties		(1,102,346)	5,758,140
Accounts receivable and other assets		(4,300,256)	(2,123,909)
Due to related parties		(1,893,350)	(5,096,946)
Accounts payable and other liabilities		574,196	(2,268,860)
Employees' end of service benefits paid		(36,130)	(1,743)
Net cash from operating activities		2,605,608	5,990,164
INVESTING ACTIVITIES			
Purchase of property and equipment		(836,207)	(206,768)
Additions to capital work in progress		(2,201,614)	(2,981,451)
Additions to properties under development		(1,044,069)	(1,065,003)
Purchase of financial assets at FVTOCI		(11,676,017)	(9,251,295)
Proceeds from sale of financial assets at FVTOCI		6,516,837	7,768,124
Purchase of financial assets at FVTPL		(37,923)	(133,775)
Proceeds from sale of investments at FVTPL		-	258,453
Additions to investment properties		(1,510,210)	(21,900,564)
Proceeds from sale of investment properties		10,073,699	326,776
Additions to investment in associates		-	(559,711)
Dividend received from associates		37,266	37,266
Dividends income received		277,316	320,447
Term deposits maturing after six months		(80,916)	(603,196)
Net cash used in investing activities		(481,838)	(27,990,697)
FINANCING ACTIVITIES			
Net change in borrowings		14,124,920	33,744,368
Finance costs paid		(4,750,732)	(2,547,357)
Lease liabilities paid		(8,232,000)	(10,722,810)
Dividends paid		(2,595,005)	(2,565,038)
Net movement in treasury shares		(2,714,910)	(2,229,636)
Net cash (used in) / from financing activities		(4,167,727)	15,679,527
Net decrease in cash and cash equivalents		(2,043,957)	(6,321,006)
Foreign exchange differences		(99,842)	178,611
Cash and cash equivalents at the beginning of the period	6	4,427,553	9,196,630
Cash and cash equivalents at the end of the period	6	2,283,754	3,054,235
Material non-cash transactions:			
Proceeds from sale of investments properties		(8,097,709)	-
Accounts receivable and other assets		8,097,709	-
Decrease in advance payments to purchase investments		-	(17,230,565)
Increase in investment properties		-	15,328,225
Increase in due from related parties		-	1,902,340

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the Parent Company

Kuwait Real Estate Company – KPSC (the “Parent Company”) was incorporated in 1972 as a Kuwaiti Public Shareholding Company in accordance with the provisions of the Commercial Companies Law in the State of Kuwait.

The Parent Company’s shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (together referred as “the Group”).

The main activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies’ shares or projects similar to the Company’s objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others’ properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate work for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the Company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the Company’s objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the Company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the Company's real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the Company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by "Building, Operation & Transfer" (BOT) system and manage the real estate utilities by BOT system.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is P.O.Box 1257, Safat 13013, State of Kuwait.

This interim condensed consolidated financial information for the six-month period ended 30 June 2023 was authorised for issue by the Parent Company's board of directors on 9 August 2023.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the changes described in note 3.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinar which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2022.

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. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2022.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Classification of current and non-current	1 January 2024
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments- Leases	1 January 2024

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 16 Amendments – Leases

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2022.

Notes to the interim condensed consolidated financial information (continued)

5 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by weighted average number of shares outstanding during the period excluding treasury shares as follows:

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit for the period attributable to the owners of the Parent Company (KD)	2,948,926	2,704,851	7,617,804	4,713,676
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	910,279,006	911,947,916	913,268,042	910,119,098
Basic and diluted earnings per share (Fils)	3.24	2.97	8.34	5.18

6 Cash and cash equivalents

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Cash and bank balances	5,541,441	7,414,147	6,120,929
Cash in investment portfolios managed by others	240,315	147,739	160,832
Term deposits	1,125,814	1,044,898	2,054,898
Cash and cash equivalents	6,907,570	8,606,784	8,336,659
Less:			
Due to bank	(3,456,769)	(3,093,100)	(3,144,924)
Restricted bank balances	(41,233)	(41,233)	(82,602)
Term deposits with original maturity exceeding three months	(1,125,814)	(1,044,898)	(2,054,898)
Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows	2,283,754	4,427,553	3,054,235

7 Accounts receivable and other assets

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Financial assets			
Accounts receivable	7,782,982	7,628,617	10,384,363
Refundable deposits	473,598	529,068	446,936
Due on sale of investment properties	9,607,573	1,975,990	903,397
Other assets	2,361,127	2,396,194	2,117,666
	20,225,280	12,529,869	13,852,362
Provision for doubtful debts	(5,675,757)	(5,675,757)	(4,885,037)
	14,549,523	6,854,112	8,967,325
Non-financial assets			
Advances to purchase investments (a)	4,261,994	-	-
Advances to contractors and suppliers	1,662,407	1,544,843	69,523
Other assets	490,680	633,810	207,304
	6,415,081	2,178,653	276,827
	20,964,604	9,032,765	9,244,152

a) Advances to purchase investments represent payments made to acquire a new investment located in the United States. The formalities to finalise the purchase transactions are currently in progress.

b) The carrying values of the financial assets included above approximate their fair values and all are due within one year.

Notes to the interim condensed consolidated financial information (continued)

8 Financial assets at fair value through other comprehensive income

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Local quoted securities	7,689,305	6,982,493	8,135,165
Local unquoted securities	3,993,583	4,006,096	4,925,521
Foreign unquoted securities	17,912,393	13,597,189	13,121,690
Debt instruments	6,225,990	6,207,751	5,766,592
Managed funds	5,093,063	4,834,601	4,276,075
	40,914,334	35,628,130	36,225,043

These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run. The above financial assets represent investment in various business sectors as follows:

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2022 and 30 June 2022: 9%).

Quoted securities with an aggregate carrying value of KD4,977,947 (31 December 2022: KD4,915,041 and 30 June 2022: KD Nil) are pledged against borrowings (notes 11).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 17.2.

9 Investment properties

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
<i>Owned properties</i>			
Balance at the beginning of the period/year	245,118,001	202,375,920	202,375,920
Additions during the period/year	1,510,210	44,275,955	37,228,789
Disposals during the period/year	(10,316,761)	(3,465,320)	-
Change in fair value for the period/year	-	1,931,446	(434,940)
Balance at the end of the period/year	236,311,450	245,118,001	239,169,769
<i>Leased properties</i>			
Balance at the beginning of the period/year	16,937,666	24,463,708	24,463,708
Change in fair value for the period/year	(3,891,845)	(7,526,042)	(3,763,020)
Balance at the end of the period/year	13,045,821	16,937,666	20,700,688
Total balance at the end of the period/year	249,357,271	262,055,667	259,870,457

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties (continued)

9.1 The Group's investment properties are located as follows: (continued)

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Kuwait	180,009,542	183,897,700	191,067,870
UAE	67,859,462	76,669,700	67,330,559
Other MENA countries	1,488,267	1,488,267	1,472,028
	249,357,271	262,055,667	259,870,457

9.2 Investment properties with an aggregate carrying value of KD209,266,190 (31 December 2022: KD216,766,190 and 30 June 2022: KD217,384,703) are pledged against borrowings and balances due to banks (Note 11).

9.3 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department.

10 Lease liabilities

The Group has leases for the properties under the BOT contracts signed with the Ministry of Finance - State Properties department. Following is the movement for the lease liabilities during the period:

	Period ended 30 June 2023 KD	Year ended 31 Dec. 2022 KD	Period ended 30 June 2022 KD
Balance at the beginning of the period/year	15,643,979	26,906,229	26,906,229
Finance costs charged for the period/year	245,961	705,960	373,919
Settled during the period/year	(8,232,000)	(11,968,210)	(10,722,810)
Balance at the end of the period/year	7,657,940	15,643,979	16,557,338

Notes to the interim condensed consolidated financial information (continued)

10 Lease liabilities (continued)

Future minimum lease payments are as follows:

	Minimum lease payments due		Total
	One Year KD	1 - 5 Years KD	KD
30 June 2023:			
Lease payments	8,243,005	-	8,243,005
Finance charges	(585,065)	-	(585,065)
Net present values	7,657,940	-	7,657,940
31 December 2022:			
Lease payments	8,232,000	8,243,005	16,475,005
Finance charges	(448,309)	(382,717)	(831,026)
Net present values	7,783,691	7,860,288	15,643,979
30 June 2022:			
Lease payments	4,506,401	13,214,017	17,720,418
Finance charges	(578,003)	(585,077)	(1,163,080)
Net present values	3,928,398	12,628,940	16,557,338

11 Borrowings

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Murabaha payable (i)	165,063,241	147,224,568	137,949,202
Tawarruq payable	-	-	8,301,741
Term loans (ii)	29,379,330	33,040,348	34,254,097
Total	194,442,571	180,264,916	180,505,040
Borrowings in KD	165,063,241	147,224,568	146,250,943
Borrowings in other currencies	29,379,330	33,040,348	34,254,097
Total	194,442,571	180,264,916	180,505,040

The borrowings are due for repayment as follows:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Within one year	11,582,501	5,064,136	3,044,892
Over one year	182,860,070	175,200,780	177,460,148
	194,442,571	180,264,916	180,505,040

Notes to the interim condensed consolidated financial information (continued)

11 Borrowings (continued)

- i) Murabaha payable represents Islamic financing obtained in Kuwaiti Dinar from local Islamic banks. Murabaha payable carry an annual profit rate of 0.75% - 1% (31 December 2022: 1% and 30 June 2022: 1% - 1.5%) over CBK discount rate and repayable in different unequal instalments ending on 15 April 2030.
- ii) Term loans represent the following:
 - Outstanding term loan of KD11,483,482 obtained in AED and USD from a foreign bank, carrying an annual interest rate of 3% - 3.5% (31 December 2022 3% - 3.5% and 30 June 2022: 3.5%) over EIBOR and repayable in semi-annual various instalments ending on 15 November 2030.
 - Outstanding term loan denominated in USD obtained from a related party amounting to KD1,853,631, carrying an annual interest rate of 6.5% (31 December 2022: 6.5% and 30 June 2022: 6.5%) and repayable in semi-annual instalments ending on 30 June 2024.
 - Outstanding term loan in AED equivalent to KD18,265,896 from a foreign bank, carrying an annual interest rate of 2.5% (31 December 2022 and 30 June 2022: 2.75%) over EIBOR and repayable in semi-annual various instalments ending on 30 June 2030.

Borrowings are secured by pledge of Group's investment in certain subsidiaries, financial assets at FVTOCI, investment properties and trading properties (Notes 8 and 9).

12 Treasury shares

	30 June 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 June 2022 (Unaudited)
Number of treasury shares	25,827,416	28,011,397	21,642,873
Percentage of ownership	2.73%	2.96%	2.28%
Market value (KD)	3,125,117	2,997,219	2,965,074
Cost (KD)	2,957,762	3,214,552	3,503,648

Reserves of the Parent Company equivalent to the cost of the treasury shares held are not available for distribution.

13 Other components of equity

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2023	6,092,275	(29,648)	(25,209,799)	(19,147,172)
Loss on sale of treasury shares	(159,255)	-	-	(159,255)
Bonus shares distribution (note 16)	(177,702)	-	-	(177,702)
Gain on sale of financial assets at FVTOCI	-	-	(8,653)	(8,653)
Other comprehensive income:				
Change in fair value of financial assets at FVTOCI	-	-	142,643	142,643
Currency translation differences	-	(8,941)	-	(8,941)
Balances at 30 June 2023 (Unaudited)	5,755,318	(38,589)	(25,075,809)	(19,359,080)

Notes to the interim condensed consolidated financial information (continued)

13 Other components of equity (continued)

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2022	7,237,493	(509,017)	(22,584,300)	(15,855,824)
Gain on sale of treasury shares	135,832	-	-	135,832
Bonus shares distribution (note 16)	(284,562)	-	-	(284,562)
Loss on sale of financial assets at FVTOCI	-	-	23,272	23,272
<i>Other comprehensive income:</i>				
Change in fair value of financial assets at FVTOCI	-	-	(1,907,871)	(1,907,871)
Currency translation differences		352,019	-	352,019
Balances at 30 June 2022 (Unaudited)	7,088,763	(156,998)	(24,468,899)	(17,537,134)

14 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company management.

Details of significant related party transactions and balances are as follows:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Balances included in interim condensed consolidated statement of financial position:			
Due from related parties	13,811,475	12,709,129	6,375,781
Due on sale of investment properties	27,020	30,043	34,026
Due to related parties	6,044,477	7,937,827	5,520,641
Purchase of investment in associate	-	559,711	-
Purchase of investment properties	-	33,919,943	33,919,943
Purchase of financial assets at FVTOCI	1,500,000	-	-
Borrowings (note 11)	1,853,631	1,853,631	1,833,660

Financial assets at fair value through other comprehensive income amounting to KD1,005,920 (31 December 2022: KD1,062,899 and 30 June 2022: KD1,438,074) and financial assets at fair value through profit or loss amounting to KD78,951 (31 December 2022: KD76,512 and 30 June 2022: KD126,863) are managed by a related party.

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions (continued)

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2023 KD	30 June 2022 KD	30 June 2023 KD	30 June 2022 KD
Interim condensed consolidated statement of profit or loss:				
Real estate rental income	738,551	691,347	1,455,092	1,427,090
Real estate operating expenses	157,189	250,946	324,086	455,689
Loss on sale of investment properties	-	(27,390)	-	-
Loss on disposal of associates (see below)	(120,000)	-	(120,000)	-
General and administrative expenses	98,492	85,992	196,984	181,984
Finance cost	29,626	29,797	59,748	59,594
Key management compensation:				
Salaries and short-term benefits	71,410	71,410	142,820	142,820
Employees' end of service benefit	1,375	1,375	2,750	2,750

During the period, the Group transferred its entire ownership in one of the associates "Surda Restaurant Company – WLL" to a related party with no consideration, resulting into a loss of KD120,000 which has been recognised in the interim condensed consolidated statement of profit or loss.

15 Segmental analysis

The Group operates in real estate and investment segments. The segmental analysis of the total income and net profit for the business segments are as follows:

	Real estate KD	Investment KD	Not allocated KD	Total KD
30 June 2023 (Unaudited)				
Total income	14,689,815	239,915	171,078	15,100,808
Profit/(loss) for the period	9,507,082	239,915	(1,943,297)	7,803,700
Total assets	303,185,955	63,665,248	1,535,532	368,386,735
Total liabilities	211,601,763	21,209,927	1,159,757	233,971,447
Net assets	91,584,192	42,455,321	375,775	134,415,288
31 December 2022 (Audited)				
Total assets	275,217,014	54,153,794	31,160,986	360,531,794
Total liabilities	199,001,996	20,360,764	9,130,446	228,493,206
Net assets	76,215,018	33,793,030	22,030,540	132,038,588
30 June 2022 (Unaudited)				
Total income	7,061,155	2,424,480	228,529	9,714,164
Profit/(loss) for the period	3,742,330	2,424,480	(1,199,844)	4,966,966
Total assets	276,660,827	53,918,065	24,191,088	354,769,980
Total liabilities	182,415,337	17,417,396	23,897,311	223,730,044
Net assets	94,245,490	36,500,669	293,777	131,039,936

Notes to the interim condensed consolidated financial information (continued)

16 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 16 April 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the board of directors' proposal to distribute cash dividends of 3 Fils (2021: 3 Fils) per share and 3% (2021: 3%) bonus shares for the shareholders of the Parent Company by distributing 3 treasury shares for each 100 shares without an increase in share capital or increase in number of issued shares for the year ended 31 December 2022. Furthermore, the General Assembly approved the board of directors' proposal to distribute directors' remuneration of KD40,000 for the year then ended (2021: KD40,000).

17 Fair value measurement

17.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

17.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Financial assets:			
At amortised cost:			
Due from related parties	13,811,475	12,709,129	6,375,781
Accounts receivable and other assets	14,549,523	6,854,112	8,967,325
Cash and cash equivalents	6,907,570	8,606,784	8,336,659
At fair value:			
Financial assets at FVTPL	6,812,928	6,817,273	6,992,456
Financial assets at FVTOCI	40,914,334	35,628,130	36,225,043
	82,995,830	70,615,428	66,897,264
Financial liabilities:			
At amortised cost			
Due to bank	3,456,769	3,093,100	3,144,924
Accounts payable and other liabilities	21,212,527	20,360,760	16,855,996
Lease liabilities	7,657,940	15,643,979	16,557,338
Borrowings	194,442,571	180,264,916	180,505,040
Due to related parties	6,044,477	7,937,827	5,520,641
Provision for employees' end of service benefits	1,157,163	1,192,624	1,146,105
	233,971,447	228,493,206	223,730,044

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
30 June 2023 (Unaudited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	97,864	-	-	97,864
Local unquoted securities	-	-	81,892	81,892
Foreign quoted securities	2,975	-	-	2,975
Foreign unquoted securities	-	-	6,612,173	6,612,173
Managed funds	-	18,024	-	18,024
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	7,689,305	-	-	7,689,305
Local unquoted securities	-	-	3,993,583	3,993,583
Foreign unquoted securities	-	-	17,912,393	17,912,393
Debt instruments	-	-	6,225,990	6,225,990
Managed fund	-	5,093,063	-	5,093,063
	7,790,144	5,111,087	34,826,031	47,727,262
31 December 2022 (Audited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	103,096	-	-	103,096
Local unquoted securities	-	-	81,895	81,895
Foreign quoted securities	2,271	-	-	2,271
Foreign unquoted securities	-	-	6,612,173	6,612,173
Managed funds	-	17,838	-	17,838
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	6,982,493	-	-	6,982,493
Local unquoted securities	-	-	4,006,096	4,006,096
Foreign unquoted securities	-	-	13,597,189	13,597,189
Debt instruments	-	-	6,207,751	6,207,751
Managed funds	-	4,834,601	-	4,834,601
	7,087,860	4,852,439	30,505,104	42,445,403

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
30 June 2022 (Unaudited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	121,674	-	-	121,674
Local unquoted securities	-	-	195,500	195,500
Foreign quoted securities	2,243	-	-	2,243
Foreign unquoted securities	-	-	6,655,506	6,655,506
Managed funds	-	17,533	-	17,533
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	8,135,165	-	-	8,135,165
Local unquoted securities	-	-	4,925,521	4,925,521
Foreign unquoted securities	-	-	13,121,690	13,121,690
Debt instruments	-	-	5,766,592	5,766,592
Managed fund	-	4,276,075	-	4,276,075
	8,259,082	4,293,608	30,664,809	43,217,499

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

Level 3 fair value measurements

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

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Opening balance	30,505,104	29,267,854	29,267,854
Additions	4,363,410	1,716,041	1,655,390
Disposals / transfer	-	(248,639)	(258,435)
Change in fair value	(42,483)	(230,152)	-
Closing balance	34,826,031	30,505,104	30,664,809

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

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

Notes to the interim condensed consolidated financial information (continued)

18 Contingent liabilities and commitments

Contingent liabilities and commitments represent letters of guarantee and capital commitments at the interim condensed consolidated financial position date are as follows:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Issued letters of guarantee	10,964,278	10,964,278	10,964,278
Capital commitments	4,560,776	6,130,046	6,032,124
	15,525,054	17,094,324	16,996,402

Capital commitments represent development costs for properties under development.

19 Legal case

During the years prior to the Group's acquisition of one of its subsidiaries, this subsidiary had filed lawsuits against three of its former board of directors ("defendants") for compensation of KD24,812,190.

On 23 March 2023, the Court of Appeals ruled in favour of the subsidiary to oblige these members to pay final compensation with a total amount of KD24,812,190 against this lawsuit.

One of the defendants has appealed to the Court of Appeal and a consultation session is scheduled on 13 August 2023.

On 10 April 2023, the Court of Appeals issued an order to postpone the execution of the decree in the urgent matter until a decision is finalized regarding the appeal.

The financial impact of this judgment depends on what may be collected, primarily because the verdict was issued against individuals. As of the date of issuance of this interim condensed consolidated financial information, the lawsuit is still deliberated before the Court of Cassation.

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