

**AL MADAR FINANCE AND INVESTMENT
COMPANY K.S.C.P. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 JUNE 2022



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MADAR FINANCE AND INVESTMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Madar Finance and Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2022, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods 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 management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. 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

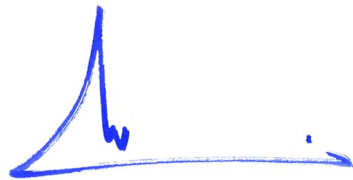
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as set out in Note 2.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MADAR FINANCE AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

11 August 2022
Kuwait

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 June 2022

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		2022	2021	2022	2021
		KD	KD	KD	KD
INCOME					
Net real estate income	3	135,215	50,571	244,131	110,489
Net gain from investment securities	4	6,773	109,296	32,794	16,360
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate		-	-	-	(199,223)
Advisory and management fees		-	347	-	969
Reversal (charge) of expected credit losses		3,685	(7,370)	5,085	20,050
Other (expenses) income		(2,429)	-	2,302	-
		143,244	152,844	284,312	(51,355)
EXPENSES					
Administrative expenses		(167,883)	(178,284)	(319,252)	(367,150)
Finance costs		(9,807)	-	(19,391)	-
		(177,690)	(178,284)	(338,643)	(367,150)
LOSS FOR THE PERIOD		(34,446)	(25,440)	(54,331)	(418,505)
Attributable to:					
Equity holders of the Parent Company		(41,406)	(34,283)	(67,506)	(420,698)
Non-controlling interests		6,960	8,843	13,175	2,193
LOSS FOR THE PERIOD		(34,446)	(25,440)	(54,331)	(418,505)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	5	(0.200) Fils	(0.166) Fils	(0.326) Fils	(2.032) Fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)
 For the period ended 30 June 2022


	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
LOSS FOR THE PERIOD	(34,446)	(25,440)	(54,331)	(418,505)
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	2,292	(1,200)	3,056	(1,200)
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate	-	-	-	199,223
Other comprehensive income (loss) for the period	2,292	(1,200)	3,056	198,023
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(32,154)	(26,640)	(51,275)	(220,482)
Attributable to:				
Equity holders of the Parent Company	(39,114)	(19,990)	(65,214)	(222,675)
Non-controlling interests	6,960	(6,650)	13,939	2,193
	(32,154)	(26,640)	(51,275)	(220,482)

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION (UNAUDITED)

As at 30 June 2022

		30 June 2022 KD	(Audited) 31 December 2021 KD	30 June 2021 KD
ASSETS				
Bank balances and cash		174,945	872,620	539,207
Financial assets at fair value through profit or loss	13	926,577	531,438	463,009
Other assets	6	7,152,902	7,192,010	8,609,709
Financial assets at fair value through other comprehensive income	13	-	-	36,194
Investment properties	7	19,519,413	19,375,377	17,048,801
Furniture and equipment		3,512	3,998	24,701
TOTAL ASSETS		27,777,349	27,975,443	26,721,621
EQUITY AND LIABILITIES				
Equity				
Share capital		21,386,865	21,386,865	21,386,865
Statutory reserve		143,613	143,613	134,383
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	8	(4,573,296)	(4,573,296)	(4,573,296)
Other reserve		(122,147)	(122,147)	(122,147)
Foreign currency translation reserve		129,076	126,784	125,993
(Accumulated losses) retained earnings		(7,880)	59,626	(355,798)
Equity attributable to equity holders of the Parent Company		21,946,527	22,011,741	21,586,296
Non-controlling interests		1,770,003	1,756,064	1,828,848
Total equity		23,716,530	23,767,805	23,415,144
Liabilities				
Employees' end of service benefits		347,727	350,194	362,317
Other liabilities		3,713,092	3,857,444	2,944,160
Total liabilities		4,060,819	4,207,638	3,306,477
TOTAL EQUITY AND LIABILITIES		27,777,349	27,975,443	26,721,621


 Waleed Abdulraheem Al-Asfour
 Chairman

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2022

	<i>Attributable to equity holders of the Parent Company</i>							<i>Sub-total</i> KD	<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>Share premium</i> KD	<i>Treasury shares</i> KD	<i>Other reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>(Accumulated losses)/ Retained earnings</i> KD			
As at 1 January 2022 (audited)	21,386,865	143,613	4,990,296	(4,573,296)	(122,147)	126,784	59,626	22,011,741	1,756,064	23,767,805
Loss for the period	-	-	-	-	-	-	(67,506)	(67,506)	13,175	(54,331)
Other comprehensive income for the period	-	-	-	-	-	2,292	-	2,292	764	3,056
Total comprehensive income (loss) for the period	-	-	-	-	-	2,292	(67,506)	(65,214)	13,939	(51,275)
At 30 June 2022	21,386,865	143,613	4,990,296	(4,573,296)	(122,147)	129,076	(7,880)	21,946,527	1,770,003	23,716,530
As at 1 January 2021 (audited)	21,386,865	134,383	4,990,296	(4,573,296)	(122,147)	(72,030)	46,303	21,790,374	1,845,252	23,635,626
(Loss) profit for the period	-	-	-	-	-	-	(420,698)	(420,698)	2,193	(418,505)
Other comprehensive income for the period	-	-	-	-	-	198,023	-	198,023	-	198,023
Total comprehensive income (loss) for the period	-	-	-	-	-	198,023	(420,698)	(222,675)	2,193	(220,482)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	18,597	18,597	(18,597)	-
At 30 June 2021	21,386,865	134,383	4,990,296	(4,573,296)	(122,147)	125,993	(355,798)	21,586,296	1,828,848	23,415,144

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
For the period ended 30 June 2022

	Notes	Six months ended	
		30 June	
		2022	2021
		KD	KD
OPERATING ACTIVITIES			
Loss for the period		(54,331)	(418,505)
<i>Adjustments to reconcile loss for the period to net cash flows:</i>			
Depreciation of furniture and equipment		486	1,210
Fair value (gain) loss on financial assets at FVPL		119,841	(71,423)
Realised (gain) loss on sale of financial assets at FVPL	4	(137,635)	60,063
Dividend income	4	(15,000)	(5,000)
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate		-	199,223
Reversal for expected credit losses		(5,085)	(20,050)
Provision for employees' end of service benefits		13,541	20,230
Recovery of written off balances		1,963	-
Finance costs		19,391	-
		(56,829)	(234,252)
<i>Changes in operating assets and liabilities:</i>			
Financial assets at FVPL		(377,345)	757,442
Other assets		42,230	(260,359)
Other liabilities		(124,983)	201,642
Cash flow (used in) from operations		(516,927)	464,473
Employees' end of service benefits paid		(16,008)	(49,769)
Net cash flows (used in) from operating activities		(532,935)	414,704
INVESTING ACTIVITIES			
Dividend income received		15,000	5,000
Proceeds from sale of investment in an associate		-	327,480
Additions to investment properties		(111,812)	(863,236)
Net cash flows used in investing activities		(96,812)	(530,756)
FINANCING ACTIVITIES			
Net movement in non-controlling interests		764	-
Finance costs paid		(38,760)	-
Net cash flows used in financing activities		(37,996)	-
NET DECREASE IN BANK BALANCES AND CASH		(667,743)	(116,052)
Net foreign exchange differences		(29,932)	15,679
Bank balances and cash as at 1 January		872,620	639,580
BANK BALANCES AND CASH AS AT 30 JUNE		174,945	539,207

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Madar Finance and Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 11 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved in the annual general assembly meeting (AGM) of the shareholders held on 29 May 2022. No dividends have been declared by the Parent Company.

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait (“CBK”) and the Capital Markets Authority (“CMA”) as a finance and investment company, respectively.

Pursuant to the extraordinary general assembly meeting held on 18 July 2022, the shareholders approved the amendments to the Parent Company’s principal activities and change in its legal name to Al Madar Investment Company K.S.C.P. The aforementioned changes were authenticated in the commercial register on 3 August 2022.

The Parent Company’s head office is located at Al Salam Tower, Fahad Al Salem Street, Al Salhia and its registered postal address is P.O. Box 1376, Safat 13014, State of Kuwait.

The principal activities of the Group are described in Note 12. All activities are conducted in accordance with Islamic Shari’a principles, as approved by the Parent Company’s Fatwa and Shari’a Supervisory Board.

The Parent Company is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the “Ultimate Parent Company”).

1.2 GROUP INFORMATION

Subsidiaries

The consolidated financial statements of the Group include:

Name of subsidiary	Principal activities	Country of incorporation	% equity interest		
			30 June 2022	31 December 2021	30 June 2021
Dar Al-Thuraya Real Estate Company K.S.C.P. (“Dar Al-Thuraya”)	Real estate	Kuwait	89.91%	89.91%	88.91%
Al Madar Real Estate Development Company K.S.C. (Closed) (“Al Madar Real Estate”)	Real estate	Kuwait	100%	100%	100%
Al Thuraya for Warehousing and Refrigeration Company K.S.C. (Closed) *	Leasing activities	Kuwait	99%	99%	99%
<i>Indirectly held through Dar Al-Thuraya</i>					
Al Thuraya Star Company W.L.L.	General trading and contracting	Kuwait	100%	100%	100%
Kuwait Building Real Estate Company K.S.C. (Closed)	Real estate	Kuwait	99%	99%	99%
Golden Madar Real Estate Company W.L.L.	Real estate	Kuwait	100%	100%	100%
<i>Indirectly held through Al Madar Real Estate</i>					
Al Murooj Al Khaleejyah for Trading L.L.C.	Construction	Oman	75%	75%	75%

* The remaining shares in this subsidiary is held by other parties on behalf of the Group. Therefore, the effective ownership of the Group in this subsidiary is 100%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" ("IAS 34"), except as noted below.

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") (collectively, referred to as "IFRS, as adopted by the CBK for use by the State of Kuwait").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

3 NET REAL ESTATE INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Rental income from investment properties	152,928	82,453	282,220	192,065
Real estate related expenses	(17,713)	(31,882)	(38,089)	(81,576)
	135,215	50,571	244,131	110,489

4 NET GAIN FROM INVESTMENT SECURITIES

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unrealised change in fair value of financial assets at FVPL	(104,823)	151,393	(119,841)	71,423
Realised gain (loss) on sale of financial assets at FVPL	96,596	(47,097)	137,635	(60,063)
Dividend income	15,000	5,000	15,000	5,000
	6,773	109,296	32,794	16,360

5 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the loss for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Loss for the period attributable to equity holders of the Parent Company (KD)	(41,406)	(34,283)	(67,506)	(420,698)
Weighted average number of ordinary shares outstanding during the period (shares)*	207,023,554	207,023,554	207,023,554	207,023,554
Basic and diluted EPS (Fils)	(0.200)	(0.166)	(0.326)	(2.032)

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

Al Madar Finance and Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

6 OTHER ASSETS

	<i>(Audited)</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Trade receivables	38,997	35,592
Receivables from sale of investment properties	6,381,900	6,381,900
Prepaid expenses	69,408	357,972
Advances paid to purchase investment properties	315,689	-
Advances paid to acquire equity shares in a subsidiary	244,853	244,853
Receivable from sale of an associate	23,561	23,561
Amounts due from a related party	-	-
Staff receivables	16,870	11,899
Other receivables	61,624	136,233
	7,152,902	7,192,010
	8,609,709	8,609,709

7 INVESTMENT PROPERTIES

	<i>(Audited)</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
As at the beginning of the period/ year	19,375,377	15,792,444
Additions	110,000	4,384,000
Capital expenditure on owned property	1,812	515,196
Disposals	-	(1,624,000)
Change in fair value	-	322,804
Exchange differences	32,224	(15,067)
As at the end of the period/ year	19,519,413	17,048,801

Included within investment properties, the following:

- a) An income generating developed property in the State of Kuwait with a carrying value KD 848,000 (31 December 2021: KD 848,000 and 30 June 2021: KD 1,059,999) that is registered in the name of a third party who has confirmed in writing through an irrevocable power of attorney that the risks and rewards associated with the property lies with the Group.
- b) An income generating developed property in the State of Kuwait with a carrying value of KD 1,700,000 (31 December 2021: KD 1,700,000 and 30 June 2021: KD Nil) that is financed through an Islamic profit-bearing loan payable to a related party amounting to KD 1,021,928 as at (31 December 2021: KD 1,041,297 and 30 June 2021: KD Nil) included under other liabilities in the interim condensed consolidated statement of financial position. The property is registered in the name of the related party who has confirmed in writing through an irrevocable power of attorney that the risks and rewards associated with the property lies with the Group (Note 11).
- c) Certain investment property with a carrying value of KD 4,053,095 (31 December 2021: KD 4,020,871 and 30 June 2021: KD 2,309,746) is registered in the name of the Ultimate Parent Company on behalf of the Group, and there is a letter of renunciation in favour of the Group confirming that it is the ultimate beneficiary of this property (Note 11).

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7 INVESTMENT PROPERTIES (continued)

The Group's investment property portfolio consists of the following:

	<i>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
Properties under development	13,402,297	13,258,261	12,410,836
Developed properties	6,117,116	6,117,116	4,637,965
	19,519,413	19,375,377	17,048,801

Geographic concentration of the underlying investment properties as follows:

	<i>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
State of Kuwait	13,299,812	13,298,000	13,491,200
Other countries	6,219,601	6,077,377	3,557,601
	19,519,413	19,375,377	17,048,801

8 TREASURY SHARES

	<i>30 June</i> <i>2022</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>30 June</i> <i>2021</i>
Number of treasury shares	6,845,096	6,845,096	6,845,096
Percentage of issued share capital	3.2%	3.2%	3.2%
Cost – KD	4,573,296	4,573,296	4,573,296
Market value – KD	675,611	814,566	1,019,919

Reserves equivalent to the cost of the treasury shares held less treasury shares reserve are not available for distribution during the holding period of such shares as per CMA guidelines.

9 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD Nil (31 December 2021: KD 1,021,812 and 30 June 2021: KD 3,131,265) relating to purchase of investments properties and development of properties under development.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2022, 31 December 2021 and 30 June 2021.

10 FIDUCIARY ASSETS

The Group manages client asset in a fiduciary capacity. The client assets have no recourse to the general assets of the Group and the Group has no recourse to the assets under management. Accordingly, assets under management are not included in the interim condensed consolidated financial information, as they are not assets of the Group. As at 30 June 2022, assets under management amounted to KD 2,698,000 (31 December 2021: KD 2,931,000 and 30 June 2021: KD 3,600,038).

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11 RELATED PARTY DISCLOSURES

The Group's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they 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 Group's management.

The following provides the total amount of outstanding balances with related parties as at 30 June 2022, 31 December 2021 and 30 June 2021 and transactions for the periods/ year then ended:

	<i>Other related parties</i>	<i>30 June 2022</i>	<i>(Audited)</i> <i>31 December 2021</i>	<i>30 June 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position</i>				
Other assets	-	-	-	316,934
Other liabilities *	1,389,003	1,389,003	1,379,261	327,913

* Amounts due to related parties under other liabilities include an amount due to the shareholder of the Ultimate Parent Company of KD 1,021,928 as at 30 June 2022 (31 December 2021: KD 1,041,297 and 30 June 2021: KD Nil) which represents the financing obtained by the related party for the purchase of an investment property. The Group bears the finance cost on a yearly basis and classifies the deferred interest as a current liability. The amount is denominated in KD, carries a fixed Islamic profit rate of 3.8% (30 June 2021: Nil%) and the Group has paid an amount of KD 38,760 of accrued finance cost during the current period ended 30 June 2022. The Group had incurred finance costs amounting to KD 19,391 (30 June 2021: KD Nil) for the period then ended (Note 7).

Details of other related parties' disclosures are provided in Note 7.

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

	<i>Transaction values for the six months ended</i>		<i>Balance outstanding as at</i>		
	<i>30 June 2022</i>	<i>30 June 2021</i>	<i>(Audited)</i> <i>30 June 2022</i>	<i>31 December 2021</i>	<i>30 June 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	51,667	87,918	67,941	87,432	76,886
Employees end of service benefits	3,869	7,933	62,594	88,081	84,266
	55,536	95,851	130,535	175,513	161,152

On 29 May 2022, the shareholders of the Parent Company in the annual general assembly meeting resolved not to distribute board of directors' remuneration for the year ended 31 December 2021.

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12 SEGMENT INFORMATION

For management purposes, the Group is organised into Four major business segments. The principal activities and services under these segments are as follows:

- ▶ **Real estate:** Buying, selling, capital appreciation and investing in real estate
- ▶ **Investment:** investment in subsidiaries, associates and equity securities.
- ▶ **Corporate finance:** providing finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales and other contracts.
- ▶ **Others:** revenues and expenses that are not included under the above sectors

	<i>30 June 2022</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Corporate finance KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets	26,250,529	1,194,991	33,603	298,226	27,777,349
Liabilities	1,024,928	352	367,075	2,668,464	4,060,819
Income	244,131	32,794	-	7,387	284,312
Segment results	244,131	32,794	-	(331,256)	(54,331)
Capital expenditure	1,812	-	-	-	1,812
	<i>30 June 2021</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Corporate finance KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets	24,803,424	1,035,323	33,795	849,079	26,721,621
Liabilities	-	195,155	343,162	2,768,160	3,306,477
Income/(loss)	110,489	(182,863)	-	21,019	(51,355)
Segment results	110,489	(182,863)	-	(346,131)	(418,505)
Capital expenditure	213,236	-	-	-	213,236
	<i>31 December 2021 (Audited)</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Corporate finance KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets	26,102,817	875,084	33,603	963,939	27,975,443
Liabilities	1,044,297	73,042	337,964	2,752,335	4,207,638

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13 FAIR VALUE MEASUREMENT

Fair value hierarchy

All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 June 2022			
Financial assets at FVPL	926,577	-	926,577
31 December 2021 (Audited)			
Financial assets at FVPL	531,438	-	531,438
30 June 2021			
Financial assets at FVPL	463,009	-	463,009
Financial assets at FVOCI	-	36,194	36,194
	463,009	36,194	499,203

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2022.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	31 December 2021 (Audited)		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2021	6,500	36,194	42,694
Disposals	(6,500)	(36,194)	(42,694)
As at 31 December 2021	-	-	-

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values (continued)

	30 June 2021		
	<i>Financial assets at FVPL</i> <i>KD</i>	<i>Financial assets at FVOCI</i> <i>KD</i>	<i>Total</i> <i>KD</i>
As at 1 January 2021	6,500	36,194	42,694
Change in fair value	(6,500)	-	(6,500)
As at 30 June 2021	-	36,194	36,194

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.