

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES



Interim Condensed Consolidated Financial Information  
and  
Independent Auditors' Review Report  
for the six months period ended 30 June 2023  
(Unaudited)

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS' OF MABANEE COMPANY K.P.S.C.**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mabane Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2023 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months 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 International Accounting Standard IAS 34: Interim Financial Reporting (IAS 34). 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 IAS 34.

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of 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, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the six months period ended 30 June 2023 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. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2023 that might have a material effect on the business of the Parent Company or on its financial position.

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3 August 2023  
Kuwait

**MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**As at 30 June 2023**

		Kuwaiti Dinars		
		30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
ASSETS	Notes			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	4	147,796,866	150,341,675	146,994,499
Investment properties	5	814,511,476	763,343,569	729,141,667
Investments in associates	6	46,605,274	43,300,716	40,624,439
Advance payments and prepayments	7	61,747,318	45,097,652	24,488,252
Right of use assets	8	23,785,060	19,552,487	22,331,939
Investment securities		1,911,779	1,921,346	1,930,627
		<b>1,096,357,773</b>	<b>1,023,557,445</b>	<b>965,511,423</b>
<b>Current assets</b>				
Receivable from associates	18	958,454	208,075	521,635
Accounts receivable and other assets		12,443,763	11,262,619	17,173,893
Cash and bank balances	9	73,131,097	99,719,512	112,484,418
		<b>86,533,314</b>	<b>111,190,206</b>	<b>130,179,946</b>
<b>TOTAL ASSETS</b>		<b>1,182,891,087</b>	<b>1,134,747,651</b>	<b>1,095,691,369</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	19	131,618,459	124,168,358	124,168,358
Share premium		16,505,381	16,505,381	16,505,381
Statutory reserve		69,287,515	69,287,515	62,834,202
Voluntary reserve		69,287,515	69,287,515	62,834,202
Treasury shares		(273,882)	-	(41,267)
Treasury shares reserve		19,915	10,778	1,787
Foreign currency translation reserve		6,743,103	6,248,498	6,644,040
Fair value reserve		(1,340,088)	(1,341,599)	(1,339,183)
Other reserves		(972,684)	(972,684)	(972,684)
Retained earnings		298,920,466	292,007,348	273,589,144
<b>Equity attributable to the equity holders of the Parent Company</b>		<b>589,795,700</b>	<b>575,201,110</b>	<b>544,223,980</b>
<b>Non-controlling interest</b>		<b>79,819,809</b>	<b>78,628,651</b>	<b>77,521,214</b>
<b>Total equity</b>		<b>669,615,509</b>	<b>653,829,761</b>	<b>621,745,194</b>
<b>Non-current liabilities</b>				
Provision for staff indemnity		3,693,334	3,460,656	3,171,212
Finance from banks	11	369,096,516	351,826,956	333,401,730
Lease liabilities	10	8,706,739	12,567,082	12,292,848
Other non-current liabilities		37,100,970	34,761,443	31,031,019
		<b>418,597,559</b>	<b>402,616,137</b>	<b>379,896,809</b>
<b>Current liabilities</b>				
Finance from banks	11	44,087,104	37,209,455	51,705,205
Lease liabilities	10	8,802,416	5,893,981	5,951,107
Trade and other payables	12	41,788,499	35,198,317	36,393,054
		<b>94,678,019</b>	<b>78,301,753</b>	<b>94,049,366</b>
<b>Total liabilities</b>		<b>513,275,578</b>	<b>480,917,890</b>	<b>473,946,175</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,182,891,087</b>	<b>1,134,747,651</b>	<b>1,095,691,369</b>



Mohammad Abdulaziz Alshaya  
Chairman

The accompanying notes 1 to 22 are an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2023

		Kuwaiti Dinars			
		Three-months period ended 30 June		Six-months period ended 30 June	
	Notes	2023	2022	2023	2022
<b>REVENUE</b>					
Revenue from investment properties	14	26,928,874	25,738,741	53,747,369	51,207,162
Revenue from hotel operations	15	3,595,932	848,617	7,629,728	2,072,873
		<u>30,524,806</u>	<u>26,587,358</u>	<u>61,377,097</u>	<u>53,280,035</u>
<b>COST OF REVENUE</b>					
Investment properties' expenses	16	(5,356,637)	(4,960,269)	(10,279,563)	(10,175,161)
Depreciation on investment properties	5	(2,834,441)	(2,834,432)	(5,668,871)	(5,932,981)
Hotel operation expenses		(2,662,449)	(779,814)	(5,518,637)	(1,846,201)
Depreciation on hotel properties		(1,074,243)	(368,517)	(2,141,186)	(769,673)
		<u>(11,927,770)</u>	<u>(8,943,032)</u>	<u>(23,608,257)</u>	<u>(18,724,016)</u>
<b>GROSS PROFIT</b>		<u>18,597,036</u>	<u>17,644,326</u>	<u>37,768,840</u>	<u>34,556,019</u>
Net investment gain (loss)		60,947	(2,250)	49,870	(2,250)
General and administrative expenses		(1,547,536)	(1,132,827)	(2,923,198)	(2,568,447)
Finance costs		(2,599,159)	(1,387,328)	(4,885,402)	(2,719,963)
Other income		1,863,718	564,004	2,860,681	1,155,647
Share of results from associates		230,285	203,455	310,501	410,325
Profit before deductions		16,605,291	15,889,380	33,181,292	30,831,331
Contribution to KFAS		(167,244)	(143,604)	(334,112)	(276,978)
Contribution to NLST		(419,981)	(408,681)	(844,911)	(783,612)
Contribution to Zakat		(167,993)	(163,473)	(337,965)	(313,445)
Profit for the period		<u>15,850,073</u>	<u>15,173,622</u>	<u>31,664,304</u>	<u>29,457,296</u>
Attributable to:					
Equity holders of the Parent Company		15,881,160	15,237,466	31,743,174	29,755,239
Non-controlling interests		(31,087)	(63,844)	(78,870)	(297,943)
		<u>15,850,073</u>	<u>15,173,622</u>	<u>31,664,304</u>	<u>29,457,296</u>
Basic earnings per share attributable to the equity holders of parent company	17	<u>12.07 fils</u>	<u>11.58 fils</u>	<u>24.12 fils</u>	<u>22.61 fils</u>

The accompanying notes 1 to 22 are an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2023

	Kuwaiti Dinars			
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Profit for the period	15,850,073	15,173,622	31,664,304	29,457,296
Other comprehensive items:				
<i>Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Change in fair value of equity instruments at fair value through other comprehensive income ("FVOCI")	-	34,601	1,511	34,601
<i>Items that are or may be reclassified subsequently to interim condensed consolidated statement of income:</i>				
Exchange differences on translating foreign operations	295,753	1,540,841	646,605	2,334,283
Other comprehensive income for the period	295,753	1,575,442	648,116	2,368,884
Total comprehensive income for the period	16,145,826	16,749,064	32,312,420	31,826,180
Attributable to:				
Equity holders of the Parent Company	16,075,834	16,245,187	32,239,290	31,354,243
Non-controlling interest	69,992	503,877	73,130	471,937
	16,145,826	16,749,064	32,312,420	31,826,180

The accompanying notes 1 to 22 are an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDIED)

For the period ended 30 June 2023

	Kuwaiti Dinars													
	Equity attributable to equity holders of the Parent Company												Non-controlling interest	Total Equity
	Share capital	Share premium	Statutory reserve	Optional reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Fair value reserve	Other reserve	Retained earnings	Sub total			
As at 1 January 2023 (Audited)	124,168,358	16,505,381	69,287,515	69,287,515	-	10,778	6,248,498	(1,341,599)	(972,684)	292,007,348	575,201,110	78,628,651	653,829,761	
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	31,743,174	31,743,174	(78,870)	31,664,304	
Other comprehensive income for the period	-	-	-	-	-	-	494,605	1,511	-	-	496,116	152,000	648,116	
Total comprehensive income for the period	-	-	-	-	-	-	494,605	1,511	-	31,743,174	32,239,290	73,130	32,312,420	
Dividends for 2022 (Note 19)	-	-	-	-	-	-	-	-	-	(17,379,955)	(17,379,955)	-	(17,379,955)	
Issue of bonus shares (Note 19)	7,450,101	-	-	-	-	-	-	-	-	(7,450,101)	-	-	-	
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,118,028	1,118,028	
Purchase of treasury shares	-	-	-	-	(355,862)	-	-	-	-	-	(355,862)	-	(355,862)	
Sale of treasury shares	-	-	-	-	81,980	9,137	-	-	-	-	91,117	-	91,117	
As at 30 June 2023	<u>131,618,459</u>	<u>16,505,381</u>	<u>69,287,515</u>	<u>69,287,515</u>	<u>(273,882)</u>	<u>19,915</u>	<u>6,743,103</u>	<u>(1,340,088)</u>	<u>(972,684)</u>	<u>298,920,466</u>	<u>589,795,700</u>	<u>79,819,809</u>	<u>669,615,509</u>	
As at 1 January 2022 (Audited)	117,139,960	16,505,381	62,834,202	62,834,202	-	-	5,079,637	(1,373,784)	(972,684)	267,261,897	529,308,811	75,080,945	604,389,756	
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	29,755,239	29,755,239	(297,943)	29,457,296	
Other comprehensive income for the period	-	-	-	-	-	-	1,564,403	34,601	-	-	1,599,004	769,880	2,368,884	
Total comprehensive income for the period	-	-	-	-	-	-	1,564,403	34,601	-	29,755,239	31,354,243	471,937	31,826,180	
Dividends for 2021 (Note 19)	-	-	-	-	-	-	-	-	-	(16,399,594)	(16,399,594)	-	(16,399,594)	
Issue of bonus shares (Note 19)	7,028,398	-	-	-	-	-	-	-	-	(7,028,398)	-	-	-	
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,968,332	1,968,332	
Purchase of treasury shares	-	-	-	-	(41,267)	-	-	-	-	-	(41,267)	-	(41,267)	
Sale of treasury shares	-	-	-	-	-	1,787	-	-	-	-	1,787	-	1,787	
As at 30 June 2022	<u>124,168,358</u>	<u>16,505,381</u>	<u>62,834,202</u>	<u>62,834,202</u>	<u>(41,267)</u>	<u>1,787</u>	<u>6,644,040</u>	<u>(1,339,183)</u>	<u>(972,684)</u>	<u>273,589,144</u>	<u>544,223,980</u>	<u>77,521,214</u>	<u>621,745,194</u>	

The accompanying notes 1 to 22 are an integral part of this interim condensed consolidated financial information.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
For the period ended 30 June 2023

	Notes	Kuwaiti Dinars	
		Six months period ended	
		30 June	
		2023	2022
Operating activities			
Profit before contribution to KFAS, NLST and Zakat		33,181,292	30,831,331
Adjustments for:			
Depreciation	4&5	8,265,370	7,246,693
Depreciation of rights of use assets	8	3,596,720	2,923,348
Provision for staff indemnity		490,559	586,556
Net investment loss		11,077	2,250
Share of results from associates	6	(310,501)	(410,325)
Finance costs		4,885,402	2,719,963
		<u>50,119,919</u>	<u>43,899,816</u>
<i>Movements in working capital:</i>			
Receivables from associates		(750,379)	(87,811)
Accounts receivable and other assets and prepayments		(237,774)	(4,960,595)
Trade and other payables		8,036,049	(9,364,460)
Other non-current liabilities		<u>(1,857,625)</u>	<u>8,493,404</u>
Cash generated from operations		55,310,190	37,980,354
Payment of staff indemnity		(263,049)	(50,447)
Payment of KFAS, NLST and Zakat		<u>(2,855,483)</u>	<u>(2,575,885)</u>
Net cash flow from operating activities		<u>52,191,658</u>	<u>35,354,022</u>
Investing activities			
Additions to property and equipment	4	(528,345)	(4,676,890)
Additions to investment properties and advances paid		(62,431,851)	(29,786,875)
Additional investment in associate	6	(3,096,773)	(1,521,732)
Dividend received from an associate		-	103,241
Investment in term deposit in excess of three months	9	5,679,098	16,500,000
Net cash flow used in investing activities		<u>(60,377,871)</u>	<u>(19,382,256)</u>
Financing activities			
Finance from banks obtained		57,432,478	24,361,000
Finance from banks repaid		(33,365,989)	(25,402,487)
Repayment of principal on lease liabilities		(8,774,758)	(5,992,055)
Repayment of interest on lease liabilities		(290,977)	(203,642)
Dividend paid		(17,259,904)	(16,001,622)
Finance costs paid		(11,897,749)	(5,134,983)
Purchase of treasury shares		(355,862)	(41,267)
Proceeds from sale of treasury shares		91,117	1,787
Funding from non-controlling interest		1,118,028	1,968,332
Net cash used in financing activities		<u>(13,303,616)</u>	<u>(26,444,937)</u>
Net decrease in cash and bank balances		<u>(21,489,829)</u>	<u>(10,473,171)</u>
Effect of foreign currency translation		580,512	237,298
Cash and bank balances at beginning of the period		<u>69,973,512</u>	<u>42,720,291</u>
Cash and bank balances at end of the period	9	<u><u>49,064,195</u></u>	<u><u>32,484,418</u></u>

The accompanying notes 1 to 22 are an integral part of this interim condensed consolidated financial information.



1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

Mabane Company K.P.S.C. (the "Parent Company") is a Kuwaiti Shareholding Company and was established and registered in Kuwait in 1964. The objectives of the Parent Company are as follows:

- ▶ Construction of buildings in prefabricated units and carrying out other construction works. For doing the same, the Parent Company may:
  - Establish factories and plants in order to achieve its objectives.
  - Trade in all materials, tools and machines associated with the nature of its business.
  - Carry out construction works.
  - Investing in construction, reconstruction and housing operations.
- ▶ Establish buildings, shopping malls, commercial exhibitions, stores, and different warehouses for itself and others', as well as sale, rent, manage and maintenance of those owned by others.
- ▶ Export, and import all types of materials, tools, equipment and others that are related to nature of the Parent Company's activity.
- ▶ Own, sale, and purchase of real estate properties and lands and developing them for the Parent Company's account inside and outside the State of Kuwait, as well as management of third parties' properties, all with no prejudice to the provisions set out in the applicable laws, which prohibit trading in private residential plots as stipulated by virtue of such laws.
- ▶ Own, sale, and purchase of shares and bonds of the real estate companies for the benefit of the Parent Company inside and outside Kuwait only.
- ▶ Prepare studies, provide consultations in real estate fields (of all types) provided that the service provider should meet the required conditions.
- ▶ Own, manage, lease, and rent hotels, health clubs and touristic utilities.
- ▶ Carry out all maintenance work related to buildings and real estate owned by the Parent Company and others, including steel and aluminium works, maintenance work, civil works, including sanitary works, paints, mechanical, electrical, elevators and air conditioning works including extensions and spare parts, and other complementary works for buildings and constructions to ensure the preservation of buildings and their safety.
- ▶ Manage, operate, invest, rent and lease hotels, health clubs, motels, hosting houses, rest places, parks and gardens, exhibitions, restaurants, cafes, residential complexes, touristic and health resorts, entertainment and sport projects, and shops of all levels and classes including all main and sub services, in addition to related utilities and other services.
- ▶ Organize real estate exhibitions for the Parent Company's real estate projects according to the regulations adopted in the ministry.
- ▶ Holding real estate auctions.
- ▶ Own and manage commercial shopping malls and residential complexes.
- ▶ Develop and manage real estate investment funds only rather than carrying out other types of utilizations and investment of funds for others.
- ▶ Utilize the Parent Company's financial surpluses through investment in financial and real estate portfolios managed by specialized authorities.
- ▶ Direct contribution to the development of infrastructure for residential, commercial and industrial areas and projects under BOT and management of real estate facilities under BOT.

The Parent Company may carry out similar, complementary business or works that are essential or related to its business. The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. The Parent Company may establish its branches inside and outside State of Kuwait. Also, the Parent Company may have an interest or be involved in any way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them.

The Parent Company is listed on the Boursa Kuwait.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 For the period ended 30 June 2023

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES (CONTINUED)

The Parent Company is an associate of Alshaya United Company W.L.L and National Industries Group (Holding) K.P.S.C. The registered address of the Parent Company is P.O. Box 5132, Safat 13052, Kuwait.

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

Name of subsidiaries	Activity	Country of incorporation	Shareholding percent		
			30 June 2023 (unaudited)	31 December 2022 (audited)	30 June 2022 (unaudited)
Kuwait Prefabricated Building Company S.P.C.	General trading and contracting	Kuwait	100	100	100
Al Rai Real Estate Company S.P.C.	Investments in real estate	Kuwait	100	100	100
The Second Mabanee for General Trading and Contracting Company S.P.C.	Investments, general trading and contracting	Kuwait	100	100	100
The Avenues Holding Company K.S.C. (Closed)	Investments	Kuwait	100	100	100
Fifth Ring Road Company S.P.C.	Investments, general trading and contracting	Kuwait	100	100	100
Mabanee Egypt for Real Estate Development Ltd.	Investment in real estate	Egypt	100	100	100
Mabanee Bahrain Company W.L.L.	Investment in real estate	Bahrain	100	100	100
The Avenues for Publication, Advertising, Distribution and Technical Production Company S.P.C. (Held via The Avenues Holding Company K.S.C.(Closed))	Advertising, publishing, distribution and art production	Kuwait	100	100	100
Al-Rai Logistica K.S.C. (Closed)	Warehousing facilities, construction and management	Kuwait	98.2	98.2	98.2
Shomoul Holding Company L.L.C.	Investment in real estate	Kingdom of Saudi Arabia	60	60	60
S3 Project Company for Management and Development of Lands and Real Estate Company S.P.C.	Investment in real estate	Kuwait	100	-	-

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES (CONTINUED)

The Annual General Meeting (“AGM”) of the shareholders of the Parent Company held on 9 March 2023 approved the Group’s consolidated financial statements for the year ended 31 December 2022.

This interim condensed consolidated financial information for the period ended 30 June 2023 were authorised for issue by the Board of Directors on 3 August 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information of the Group is prepared in accordance with IAS 34: Interim Financial Reporting.

This interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated 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 in this interim condensed consolidated financial information. Operating results for the six months ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”).

Certain prior period amounts have been reclassified in order to conform to the current period presentation. Such reclassifications do not affect previously reported assets, liabilities, equity and profit for the period.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 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 and which did not result in any material impact on the accounting policies, financial position or performance of the Group.

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4. PROPERTY AND EQUIPMENT

	Kuwaiti Dinars					Total
	Land	Buildings	Fixture and office equipment	Tools and motor vehicles	Capital work in progress	
Cost						
At 31 December 2022	5,648,073	140,055,283	17,297,744	1,047,374	-	164,048,474
Additions	-	125,785	367,505	35,055	-	528,345
Reassessment of paid WIP Cost	-	(525,780)	-	-	-	(525,780)
Foreign currency translation	37,924	468	11,461	1,100	-	50,953
At 30 June 2023	<u>5,685,997</u>	<u>139,655,756</u>	<u>17,676,710</u>	<u>1,083,529</u>	<u>-</u>	<u>164,101,992</u>
Accumulated depreciation						
At 31 December 2022	-	4,427,634	8,601,800	677,365	-	13,706,799
Charge for the period	-	1,470,821	1,089,542	36,136	-	2,596,499
Foreign currency translation	-	109	1,229	490	-	1,828
At 30 June 2023	<u>-</u>	<u>5,898,564</u>	<u>9,692,571</u>	<u>713,991</u>	<u>-</u>	<u>16,305,126</u>
Carrying amount						
At 30 June 2023	<u>5,685,997</u>	<u>133,757,192</u>	<u>7,984,139</u>	<u>369,538</u>	<u>-</u>	<u>147,796,866</u>
At 31 December 2022	<u>5,648,073</u>	<u>135,627,649</u>	<u>8,695,944</u>	<u>370,009</u>	<u>-</u>	<u>150,341,675</u>

Depreciation charge amounting to KD 2,141,186 (31 December 2022: KD 2,487,801 and 30 June 2022: KD 769,673) has been allocated to cost of revenue for the hotels, and the remaining has been charged to general and administrative expenses.

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4. PROPERTY AND EQUIPMENT (CONTINUED)

	Kuwaiti Dinars					Total
	Land	Buildings	Fixture and office equipment	Tools and motor vehicles	Capital work in progress	
Cost						
At 31 December 2021	5,644,778	57,339,935	11,997,092	825,311	77,146,804	152,953,920
Additions	-	69,556	56,414	74,704	5,347,387	5,548,061
Foreign currency translation	3,963	2,121	29,614	3,895	-	39,593
At 30 June 2022	<u>5,648,741</u>	<u>57,411,612</u>	<u>12,083,120</u>	<u>903,910</u>	<u>82,494,191</u>	<u>158,541,574</u>
Accumulated depreciation						
At 31 December 2021	-	2,619,593	7,091,223	506,901	-	10,217,717
Charge for the period	-	774,413	454,406	84,893	-	1,313,712
Foreign currency translation	-	528	13,060	2,058	-	15,646
At 30 June 2022	<u>-</u>	<u>3,394,534</u>	<u>7,558,689</u>	<u>593,852</u>	<u>-</u>	<u>11,547,075</u>
Carrying amount						
At 30 June 2022	<u>5,648,741</u>	<u>54,017,078</u>	<u>4,524,431</u>	<u>310,058</u>	<u>82,494,191</u>	<u>146,994,499</u>

5. INVESTMENT PROPERTIES

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Cost			
At beginning of the period/year	867,734,520	809,893,587	809,893,587
Additions	56,339,291	56,993,864	15,455,925
Foreign currency translation reserve	497,487	1,138,657	2,514,290
Write off (included in general and administrative expenses)	-	(30,225)	-
Transfers	-	(261,363)	-
	<u>924,571,298</u>	<u>867,734,520</u>	<u>827,863,802</u>
Accumulated depreciation			
At beginning of the period/year	(104,390,951)	(92,789,154)	(92,789,154)
Charge for the period/year	(5,668,871)	(11,601,797)	(5,932,981)
	<u>(110,059,822)</u>	<u>(104,390,951)</u>	<u>(98,722,135)</u>
Carrying amount	<u>814,511,476</u>	<u>763,343,569</u>	<u>729,141,667</u>
Annual depreciation rates	<u>2% - 3.33%</u>	<u>2% - 3.33%</u>	<u>2% - 3.33%</u>

Investment properties comprise of the following:

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Cost			
Properties in Kuwait	487,952,452	493,220,726	498,919,768
Owned land in KSA	155,632,623	155,252,475	155,455,854
Properties under development in KSA	170,926,401	114,870,368	74,766,045
	<u>814,511,476</u>	<u>763,343,569</u>	<u>729,141,667</u>

The additions represent cost amounting to KD 55,938,726 (31 December 2022: KD 56,993,864 and 30 June 2022: KD 15,455,925) incurred on the development of property projects in "Kingdom of Saudi Arabia". This includes borrowing costs of KD 7,303,324 (31 December 2022: KD 5,961,634 and 30 June 2022: KD 1,379,391) capitalized during the period at a capitalization rate of 3.12% to 4.57% (31 December 2022: 2.29% to 3.12%, 30 June 2022: 2.29% to 2.4%). No depreciation has been charged as the property is still under development.

The additions include transactions of KD 1,118,028 (31 December 2022: KD 3,066,718, 30 June 2022: KD 1,968,332 representing amounts paid by minority shareholder for investment properties developed during the period.

Management has estimated the economic useful life for 'The Avenues' to be 50 years.

The underlying lease on which The Avenues Mall, Kuwait, is constructed has been renewed for a period of five years ending September 2025, with no major change in terms and conditions except annual lease payments been modified in current period.

As on 30 June 2023, the Group has not identified any significant impact on the carrying values of its investment properties.

There has been no change in the valuation techniques as compared to the prior period. All of the Group's investment properties are included in level 3 of fair value hierarchy. During the period ended 30 June 2023, there were no transfers between the levels.

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6. INVESTMENT IN ASSOCIATES

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Opening balance	43,300,716	38,620,302	38,620,302
Increase in investment	3,096,773	3,905,033	1,521,732
Share of results from the associates	310,501	674,479	410,325
Dividend income received	-	(104,330)	(103,241)
Foreign currency translation	(102,716)	205,232	175,321
Closing balance	46,605,274	43,300,716	40,624,439

7. ADVANCE PAYMENT AND PREPAYMENTS

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Advance payment to contractors	53,655,639	36,062,603	15,874,799
Prepayments	6,811,515	7,391,353	8,613,453
Other advances	1,280,164	1,643,696	-
	61,747,318	45,097,652	24,488,252

8. RIGHT OF USE ASSETS

	Kuwaiti Dinars		
	Building	Leasehold Land	Total
Cost			
At 1 January 2022	2,096,007	27,725,793	29,821,800
Additions	475,265	-	475,265
Disposal	(38,452)	-	(38,452)
Foreign currency translation	4,976	-	4,976
At 31 December 2022	2,537,796	27,725,793	30,263,589
Additions	60,018	7,738,366	7,798,384
Foreign currency translation	(2,411)	-	(2,411)
At 30 June 2023	2,595,403	35,464,159	38,059,562
Accumulated depreciation			
At 1 January 2022	634,148	4,158,869	4,793,017
Charge for the year	394,209	5,545,159	5,939,368
Disposals	(21,213)	-	(21,213)
Foreign currency translation	(70)	-	(70)
At 31 December 2022	1,007,074	9,704,028	10,711,102
Charge for the period	179,277	3,417,443	3,596,720
Foreign currency translation	(33,320)	-	(33,320)
At 30 June 2023	1,153,031	13,121,471	14,274,502
Carrying amount			
At 30 June 2023	1,442,372	22,342,688	23,785,060
At 31 December 2022	1,530,722	18,021,765	19,552,487
At 30 June 2022	1,537,594	20,794,345	22,331,939

9. CASH AND BANK BALANCES

Cash and bank balances included in the interim condensed consolidated statement of cash flows include the following amounts:

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Cash in hand	120,362	115,404	23,700
Current and call account with banks	9,836,284	21,339,195	30,865,524
Deposits with original maturities up to three months	39,107,549	48,518,913	1,595,194
Cash and bank balances in the interim condensed consolidated statement of cash flows	49,064,195	69,973,512	32,484,418
Deposits with original maturities after three months	24,066,902	29,746,000	80,000,000
	<u>73,131,097</u>	<u>99,719,512</u>	<u>112,484,418</u>

Deposits are placed with local and regional commercial banks in Kuwaiti Dinars and Saudi Riyals. The effective interest rates on these deposits as at 30 June 2023 were 4.05% to 6.00% (31 December 2022: 1.03% to 5.05%, 30 June 2022: 1.75% to 3.25%) per annum.

10. LEASE LIABILITIES

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Current	8,802,416	5,893,981	5,951,107
Non-current	8,706,739	12,567,082	12,292,848
	<u>17,509,155</u>	<u>18,461,063</u>	<u>18,243,955</u>

11. FINANCE FROM BANKS

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Current loans	8,000,000	-	2,000,000
Current Murabaha and Islamic finance	36,087,104	37,209,455	49,705,205
	<u>44,087,104</u>	<u>37,209,455</u>	<u>51,705,205</u>
Non-Current loans	-	-	2,500,000
Non-Current Murabaha and Islamic finance	369,096,516	351,826,956	330,901,730
	<u>369,096,516</u>	<u>351,826,956</u>	<u>333,401,730</u>
	<u>413,183,620</u>	<u>389,036,411</u>	<u>385,106,935</u>

The effective interest rates on the finance from banks as at 30 June 2023 were 4.57% (31 December 2022: 3.12%, 30 June 2022: 2.42%) per annum.



11. FINANCE FROM BANKS (CONTINUED)

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Finance from Banks in KWD	289,612,614	314,978,603	336,059,471
Finance from Banks in USD equivalent to KWD	-	-	49,047,464
Finance from Banks in SAR equivalent to KWD	123,571,006	74,057,808	-
	<u>413,183,620</u>	<u>389,036,411</u>	<u>385,106,935</u>

The following assets has been pledged to the lender banks against the obtained finance from banks.

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Properties under development in KSA	<u>110,617,955</u>	<u>110,347,759</u>	<u>-</u>

12. TRADE AND OTHER PAYABLES

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Trade payables	5,266,032	1,511,773	1,533,103
Retentions payable	3,083,154	3,712,343	4,915,636
Payable to contractors & project accruals	5,987,357	739,444	955,893
Unearned income	701,886	1,343,731	2,032,749
Rent received in advance	6,688,867	6,445,159	7,254,336
Payable to KFAS, NLST, and Zakat	1,424,401	2,827,334	1,338,305
Dividend payables (note 19)	621,278	818,656	1,096,079
Other payables	18,015,524	17,799,877	17,266,953
	<u>41,788,499</u>	<u>35,198,317</u>	<u>36,393,054</u>

13. SEGMENT REPORTING

The Group is organised into functional divisions in order to manage its various lines of business. The reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss. Segment performance is evaluated based on operating profit or loss as explained in the table below. The Group has following reportable segments:

- ▶ Construction and real estate operations: consist of leasing of properties, real estate development, projects leasing and the construction activity for self or others.
- ▶ Hospitality operations: consist of the hotel hospitality services.
- ▶ Financial investments: includes other investments in portfolios, shares and financial instruments in and outside Kuwait managed by self or by specialised firms.

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13. SEGMENT REPORTING (CONTINUED)

Segment reporting information for the six months period ended 30 June is as follows:

Kuwaiti Dinars										
Six-months period ended 30 June										
	Construction and real estate investment		Hotel operations		Financial investments		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment revenue	54,057,870	51,617,487	7,629,728	2,072,873	49,870	(2,250)	2,315,816	904,791	64,053,284	54,592,901
Segment expenses	(22,318,809)	(19,947,811)	(8,055,899)	(2,679,931)	-	-	(2,014,272)	(2,507,863)	(32,388,980)	(25,135,605)
Segment results	<u>31,739,061</u>	<u>31,669,676</u>	<u>(426,171)</u>	<u>(607,058)</u>	<u>49,870</u>	<u>(2,250)</u>	<u>301,544</u>	<u>(1,603,072)</u>	<u>31,664,304</u>	<u>29,457,296</u>
Segment assets	<u>1,023,348,239</u>	<u>950,065,420</u>	<u>150,948,340</u>	<u>136,823,431</u>	<u>1,911,779</u>	<u>1,930,628</u>	<u>6,682,729</u>	<u>6,871,890</u>	<u>1,182,891,087</u>	<u>1,095,691,369</u>
Segment liabilities	<u>500,720,478</u>	<u>459,377,073</u>	<u>10,921,687</u>	<u>12,573,009</u>	<u>-</u>	<u>-</u>	<u>1,633,413</u>	<u>1,996,093</u>	<u>513,275,578</u>	<u>473,946,175</u>

Six-months period ended 30 June									
	Kuwait		Saudi Arabia		Others		Total		
	2023	2022	2023	2022	2023	2022	2023	2022	2022
Segment revenue	63,073,665	53,535,955	-	-	979,619	1,056,946	64,053,284		54,592,901
Segment expenses	(31,679,442)	(24,276,778)	(202,284)	(750,323)	(507,254)	(108,504)	(32,388,980)		(25,135,605)
Segment results	<u>31,394,223</u>	<u>29,259,177</u>	<u>(202,284)</u>	<u>(750,323)</u>	<u>472,365</u>	<u>948,442</u>	<u>31,664,304</u>		<u>29,457,296</u>

	Kuwait			Saudi Arabia			Others			Total		
	30 June 2023	31 December 2022	30 June 2022	30 June 2023	31 December 2022	30 June 2022	30 June 2023	31 December 2022	30 June 2022	30 June 2023	31 December 2022	30 June 2022
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Segment assets	785,186,999	803,784,719	833,504,401	371,493,827	305,950,936	239,278,488	26,210,261	25,011,996	22,908,480	1,182,891,087	1,134,747,651	1,095,691,369
Segment liabilities	350,544,519	326,827,418	400,628,201	160,920,295	137,365,260	71,174,193	1,810,764	16,725,212	2,143,781	513,275,578	480,917,890	473,946,175

14. REVENUE FROM INVESTMENT PROPERTIES

	Kuwaiti Dinars			
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Income from investment properties	21,153,948	20,792,894	42,682,882	41,462,082
Income from services	2,301,001	2,118,304	4,541,212	4,259,975
Arrangement fees from investors	196,018	196,665	392,109	397,062
Advertising services for investors	2,148,606	1,742,159	3,862,588	3,312,234
Others	1,129,301	888,719	2,268,578	1,775,809
	<u>26,928,874</u>	<u>25,738,741</u>	<u>53,747,369</u>	<u>51,207,162</u>
<i>Timing of revenue recognition:</i>				
Revenue recognised point in time	1,129,301	888,719	2,268,578	1,775,809
Revenue recognised at over time	4,645,625	4,057,128	8,795,909	7,969,271
	<u>5,774,926</u>	<u>4,945,847</u>	<u>11,064,487</u>	<u>9,745,080</u>

15. REVENUE FROM HOTEL OPERATIONS

The hospitality operations relate to two hotels (Hilton Garden Inn and Waldorf Astoria) in phase IV of "The Avenues" commercial mall. The Hotel is owned by Al Rai Real Estate Company S.P.C. (the "Owner"), a subsidiary of the Group and is managed by Hilton Worldwide Inc. (the "Operator") under the terms of a Management Agreement dated 23 August 2016 (the "Management Agreement"). In August 2022, the Waldorf Astoria Hotel opened for operation.

	Kuwaiti Dinars		Kuwaiti Dinars	
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Income from rooms bookings	1,883,659	604,092	4,403,293	1,629,558
Food and beverages	1,358,640	183,272	2,540,728	319,737
Others	353,633	61,253	685,707	123,578
	<u>3,595,932</u>	<u>848,617</u>	<u>7,629,728</u>	<u>2,072,873</u>
<i>Timing of revenue recognition:</i>				
Revenue recognised point in time	3,595,932	848,617	7,629,728	2,072,873

16. INVESTMENT PROPERTIES' EXPENSES

	Kuwaiti Dinars			
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Amortization expense on right to use assets	2,031,153	1,386,289	3,417,443	2,772,579
Repair and maintenance	1,448,716	1,512,535	2,826,052	3,174,395
General operating expenses	1,876,768	2,061,445	4,036,068	4,228,187
	<u>5,356,637</u>	<u>4,960,269</u>	<u>10,279,563</u>	<u>10,175,161</u>

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of share outstanding during the period is as follows. Basic and diluted earnings per share for the current and comparative period presented have been adjusted to reflect the effect of bonus shares approved by the Annual General Assembly (Note 19).

	Kuwaiti Dinars			
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Profit for the period attributable to equity holders of the Parent Company	15,881,160	15,237,466	31,743,174	29,755,239
	Shares		Shares	
Weighted average number of outstanding shares during the period:				
Issued shares*	1,316,184,588	1,316,184,588	1,316,184,588	1,316,184,588
Weighted average treasury shares	(332,974)	(7,142)	(186,148)	(3,591)
Total	<u>1,315,851,614</u>	<u>1,316,177,446</u>	<u>1,315,998,440</u>	<u>1,316,177,446</u>
Basic earnings per share	<u>12.07 fils</u>	<u>11.58 fils</u>	<u>24.12 fils</u>	<u>22.61 fils</u>

\* Earnings per share calculations for the prior period have been adjusted to account of the bonus shares issued in 2023.

18. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances:

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
	Right of use assets ("ROU")		
Office premises	<u>736,155</u>	<u>797,501</u>	<u>858,847</u>
Accounts receivable and prepayments			
Lease and other receivables from lessees	<u>2,508,975</u>	<u>1,665,321</u>	<u>948,773</u>
Receivables from associate on demand "The amount receivable is interest free".	<u>958,454</u>	<u>208,075</u>	<u>521,635</u>

18. RELATED PARTY DISCLOSURES (CONTINUED)

	Kuwaiti Dinars		
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Lease liabilities	720,377	851,851	836,456
Property and equipment			
Property and equipment/Capital work in progress	11,283	317,523	145,304
Trade and other payables			
Rent received in advance within one year	3,860,683	1,453,510	2,019,770

Transactions:

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	Kuwaiti Dinars	
	Six months period ended 30 June	
	2023	2022
Revenue	8,853,047	7,942,601
Expenses	71,779	22,723
Management fee (included in other income)	622,177	400,800

Compensation of key management personnel:

The remuneration of directors and other members of key management during the period are as follows:

	Kuwaiti Dinars	
	Six months period ended 30 June	
	2023	2022
Salaries and other short-term benefits	470,214	331,000
Termination benefits	54,992	35,050
	525,206	366,050

Directors' remuneration of KD 590,000 for the year ended 31 December 2022 was approved by the shareholders at the AGM held on 9 March 2023.

19. ANNUAL GENERAL MEETING

The authorized, issued and fully paid up share capital of the Parent Company as at 30 June 2023 is KD 131,618,459 consisting of 1,316,184,588 shares of 100 fils each (31 December 2022: KD 124,168,358 consisting of 1,241,683,574 shares of 100 fils each) (30 June 2022: KD 124,168,358 consisting of 1,241,683,574 shares of 100 fils each).

The Ordinary General Assembly meeting of the shareholders held on 9 March 2023 approved cash dividend of 14 fils per share (2021: 14 fils per share) and 6% bonus shares for the year ended 2022 (2021: 6%). The cash dividend paid in 2023 amounted to KD 17,379,955 (2021: KD 16,399,594). The bonus shares issued in 2023 increased the number of issued and fully paid shares by 74,501,014 shares (2021: 70,283,975 shares) and increase in share capital by KD 7,450,101 (2021: KD 7,028,398).

19. ANNUAL GENERAL MEETING (CONTINUED)

In accordance with the resolution of the Extraordinary Assembly General meeting held on March 9, 2023, the authorized capital of the Parent Company was approved to become KWD 155,000,000 (one hundred and fifty-five million Kuwaiti Dinars only) distributed over 1,550,000,000 shares, and the commercial register has been updated during the period with the increase in authorized capital.

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's management has approved future capital expenditure amounting to KD 334,393,162 (31 December 2022: KD 351,007,081 and 30 June 2022: KD 385,202,259).

As at 30 June 2023, the Group has given letters of credit, bank guarantees and corporate guarantee amounting to KD 38,837,329 (31 December 2022: KD 38,038,262 and 30 June 2022: KD 62,111,962).

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of receivable from associates, account receivables, investment securities at fair value through profit or loss, investment securities at fair value through other comprehensive income and cash and bank balances. Financial liabilities consist of other non-current liabilities, Finance from banks and trade and other payables.

Fair value

The Group's financial assets carried at fair value in the consolidated interim condensed statement of financial position date were determined by reference to published price quotations. The fair values of financial instruments that are carried at amortized cost are not significantly different from book value as the majority are short-term in nature.

The table below analyses financial instruments carried at fair value, by valuation methods. The different levels have been defined as follows:

- ▶ Level 1: Quoted prices (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.

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of changes in equity is immaterial, if the relevant risk variables used to determine fair values for the unquoted securities are altered by 5%.

There has been no change in the valuation techniques as compared to the prior period. During the period ended 30 June 2023, there were no transfers between the levels.

22. ESTIMATES & JUDGEMENTS

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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year end.