

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

31 March 2021 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its Subsidiaries (collectively the "Group") as of 31 March 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-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 three-month period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the three-months period ended 31 March 2021 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
11 May 2021

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2021 (Unaudited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
Revenue			
Operating revenue		4,845	4,797
Cost of revenue		(1,614)	(1,715)
Net income		3,231	3,082
Management and consultancy fees		199	194
Net income from investments	6	2,752	10,299
Share of results of associates		842	735
Foreign currency exchange (loss)/gain		(82)	468
Other income		10	60
		6,952	14,838
Expenses and other charges			
Staff costs		909	1,190
General, administrative and other expenses		1,088	1,109
Finance costs		1,686	2,460
		3,683	4,759
Profit for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST		3,269	10,079
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(26)	(12)
Provision for Zakat		(53)	(106)
Provision for National Labour Support Tax (NLST)		(123)	(245)
Profit for the period		3,067	9,716
Attributable to:			
Owners of the Parent Company		2,257	5,581
Non-controlling interests		810	4,135
		3,067	9,716
Basic and diluted earnings per share attributable to the owners of the Parent Company	7	5.6 Fils	13.9 Fils

The notes set out on pages 8 to 20 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 31 March 2021 (Unaudited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
Profit for the period	3,067	9,716
Other comprehensive income:		
Items to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	(6)	48
Share of other comprehensive loss of associates	(2)	(197)
	(8)	(149)
Items not to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:		
Net change in fair value of equity investments designated at FVOCI	(5,317)	(62,207)
Share of other comprehensive loss of associates	(934)	(812)
	(6,251)	(63,019)
Total other comprehensive loss for the period	(6,259)	(63,168)
Total comprehensive loss for the period	(3,192)	(53,452)
Attributable to:		
Owners of the Parent Company	(1,457)	(30,104)
Non-controlling interests	(1,735)	(23,348)
	(3,192)	(53,452)

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Assets				
Cash and bank balances	15	27,814	28,641	11,039
Short term deposits	15	606	2,635	18,231
Accounts receivable and other debit balances	8	8,161	4,850	21,693
Investments at fair value through other comprehensive income	9	165,931	171,260	155,625
Trading properties under development	10	62,094	61,241	64,419
Investment properties	11	162,526	161,746	162,500
Investments in associates	12	131,661	131,749	146,206
Intangible assets		1,916	2,315	1,550
Other assets		5,198	4,964	3,602
Total assets		565,907	569,401	584,865
Liabilities and equity				
Liabilities				
Due to banks		26,800	26,267	21,519
Term loans	13	235,718	237,753	239,384
Accounts payable and other credit balances	14	36,174	34,944	37,338
Refundable rental deposits		7,994	8,077	8,320
Provision for end of service indemnity		1,639	1,586	1,417
Total liabilities		308,325	308,627	307,978
Equity				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,922)	(11,922)	(11,803)
Reserve on sale of treasury shares		756	756	756
Legal reserve		13,629	13,629	13,629
Voluntary reserve		15,027	15,027	15,027
Foreign currency translation reserve		368	374	449
Cumulative changes in fair value		64,823	68,531	59,691
Retained earnings		15,847	13,590	33,474
Equity attributable to the owners of the Parent Company		152,853	154,310	165,548
Non-controlling interests		104,729	106,464	111,339
Total equity		257,582	260,774	276,887
Total liabilities and equity		565,907	569,401	584,865

Meshal Jassim Al-Marzouq
Chairman

Abdulwahab Marzouq Al-Marzouq
Vice-Chairman

The notes set out on pages 8 to 20 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												
	Reserve on sale				Foreign currency translation reserve				Cumulative changes in fair value	Retained earnings	Sub-Total	Non-controlling interests	Total
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	currency translation reserve KD'000	in fair value KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance as at 1 January 2021	43,193	11,132	(11,922)	756	13,629	15,027	374	68,531	13,590	154,310	106,464	260,774	
Profit for the period	-	-	-	-	-	-	-	-	2,257	2,257	810	3,067	
Other comprehensive loss for the period	-	-	-	-	-	-	(6)	(3,708)	-	(3,714)	(2,545)	(6,259)	
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(6)	(3,708)	2,257	(1,457)	(1,735)	(3,192)	
Balance as at 31 March 2021	43,193	11,132	(11,922)	756	13,629	15,027	368	64,823	15,847	152,853	104,729	257,582	

The notes set out on pages 8 to 20 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												
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency		Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-Total KD'000	Non-controlling interests KD'000	Total KD'000
translation reserve KD'000													
Balance as at 1 January 2020	43,193	11,132	(11,803)	756	13,629	15,027	401		95,424	27,893	195,652	134,687	330,339
Profit for the period	-	-	-	-	-	-	-	-	-	5,581	5,581	4,135	9,716
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	48		(35,733)	-	(35,685)	(27,483)	(63,168)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	48		(35,733)	5,581	(30,104)	(23,348)	(53,452)
Balance as at 31 March 2020	43,193	11,132	(11,803)	756	13,629	15,027	449		59,691	33,474	165,548	111,339	276,887

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2021 (Unaudited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		3,067	9,716
Adjustments:			
Depreciation and amortisation		587	449
Provision for end of service indemnity		75	72
Dividends income		(2,746)	(10,192)
Interest and other income		(6)	(107)
Share of results of associates		(842)	(735)
Finance costs		1,686	2,460
		1,821	1,663
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(571)	(261)
Accounts payable and other credit balances		1,360	1,007
Refundable rental deposits		(83)	(201)
End of service indemnity paid		(22)	(126)
Net cash from operating activities		2,505	2,082
INVESTING ACTIVITIES			
Additions to other assets and intangible assets		(303)	(932)
Paid for acquiring additional stake in an associate		-	(35)
Additions to investment properties		(780)	(1,254)
Additions to trading properties under development		(773)	(125)
Dividends income received		7	-
Interest and other income received		6	100
Net cash used in investing activities		(1,843)	(2,246)
FINANCING ACTIVITIES			
Cash dividends paid		(22)	(6)
Change in due to banks		533	2,454
Change in term loans		(2,035)	(1,494)
Finance costs paid		(1,994)	(3,818)
Net cash used in financing activities		(3,518)	(2,864)
Net decrease in cash and cash equivalents		(2,856)	(3,028)
Cash and cash equivalents at beginning of the period	15	31,276	32,298
Cash and cash equivalents at end of the period	15	28,420	29,270

The notes set out on pages 8 to 20 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

Tamdeen Real Estate Company – KPSC (the Parent Company) was incorporated in Kuwait on 16 December 1982 in accordance with the Companies Law. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. The Parent Company’s shares are traded on the Kuwait Stock Exchange.

The principal activities of the Parent Company are represented in the real estate investments inside and outside the State of Kuwait, for the purposes of ownership, resale, leasing and renting. The Parent Company is also engaged in the development of real estate projects and construction contracts of buildings, managing the properties of others, establishing and managing real estate investment funds, real estate studies and consultancy, and investing in companies with activities similar to its own and exploiting the financial surpluses available at the Company through its investment in financial portfolios managed by professional companies and authorities.

The address of the Parent Company: PO Box 21816 - Safat 13079 - State of Kuwait.

The interim condensed consolidated financial information for the three-months period ended 31 March 2021 was authorised for issue by the Parent Company’s board of directors on 11 May 2021.

The annual consolidated financial statements for the year ended 31 December 2020 were approved by the shareholders at the Annual General Assembly Meeting held on 5 May 2021.

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars 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.

Operating results for the three-months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2020.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 31 March 2021.

3 Changes in accounting policies

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 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended standards adopted by the Group

No new amendments or standards were effective for the current period.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

However, the IFRS 16 Leases amendment relating to COVID-19 Rent Related Concessions has been extended until 30 June 2022. The practical expedient allows lessees to elect to not carry out an assessment to decide whether a COVID-19-related rent concession received is a lease modification. The lessee is permitted to account for the rent concession as if the change is not a lease modification.

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 and 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 2020. Further, note 22 discusses the impact of COVID-19 on the preparation of the interim condensed consolidated financial information.

5 Subsidiary companies

The list of the consolidated subsidiary companies of the Group is as follows:

Subsidiary companies	Percentage of ownership in subsidiary companies			Country of incorporation	Principal activity	Date of incorporation	Date of control
	31 March 2021 (Unaudited) %	31 Dec. 2020 (Audited) %	31 March 2020 (Unaudited) %				
Tamdeen Investment Company – KPSC*	55.94	55.94	55.94	Kuwait	Investment	3 March 1997	11 January 2003
Manshar Real Estate Company - KSC (Closed)	77.97	77.97	77.97	Kuwait	Real estate	17 March 2007	17 March 2007
Al Adiyat International Real Estate Company - KSC (Closed)	98.98	98.98	98.98	Kuwait	Real estate	25 June 2006	1 April 2012
Tamdeen Real Estate Development Company – KSC (Closed)**	33	33	33	Kuwait	Real estate	21 July 2008	1 April 2016

* This investment is through investment portfolio with a specialized investment company.

** Tamdeen Real Estate Development Company – KSC (Closed) was 99.99% owned by one of the Group's subsidiary companies (Tamdeen Investment Company - KPSC) as of 31 December 2018. During the last quarter of the year 2019, Tamdeen Real Estate Development Company – KSC (Closed) increased its share capital by way of issuing shares to the Group and certain new shareholders which lead to a decrease in the effective ownership percentage of the Group in the subsidiary. However, the management believes that the Group still has control over the subsidiary.

Notes to the interim condensed consolidated financial information (continued)

6 Net income from investments

	Three months ended 31 March 2021 (Unaudited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
Dividends income	2,746	10,192
Interest and other income	6	107
	2,752	10,299

7 Basic and diluted earnings per share attributable to the owners of the Parent Company

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

	Three months ended 31 March 2021 (Unaudited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
Profit for the period attributable to the owners of the Parent Company (KD'000)	2,257	5,581
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	401,668	402,130
Basic and diluted earnings per share attributable to the owners of the Parent Company	5.6 Fils	13.9 Fils

8 Accounts receivable and other debit balances

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Receivable from tenants	803	689	430
Due from related parties	229	6	3,820
Due from sale of trading properties*	2,167	2,167	3,578
Dividends income receivable	2,740	-	10,165
Advance payments to contractors	813	1,044	1,646
Accrued income	143	71	-
Prepaid expenses	594	271	776
Other debit balances	948	869	1,596
	8,437	5,117	22,011
Provision for impairment	(276)	(267)	(318)
	8,161	4,850	21,693

* The balance due from sale of trading properties is mainly represented by the amounts due from the sale transaction previously performed by the Group for some of its real estate plots which have been invested in for trading purposes. The Group's management considers the credit risk for these amounts as low as the counterparties are reputable with no history of default and confirms that these due amounts are totally collectible from the concerned parties, and these balances are guaranteed by a related party as well.

Notes to the interim condensed consolidated financial information (continued)

9 Investments at fair value through other comprehensive income

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Local managed portfolios	68	74	69
Participations in local companies shares	7,051	5,339	4,284
Participations in capital of companies located outside Kuwait	158,812	165,847	151,272
	165,931	171,260	155,625

Participations in capital of companies located outside Kuwait include the investments of the subsidiary Company [Tamdeen Investment Company – KPSC], in shares listed outside Kuwait. These participations include investments with a total fair value of KD87,399 thousand (31 December 2020: KD92,056 thousand and 31 March 2020: KD123,919 thousand) mortgaged against term loans (Note 13).

Refer note 20.3 for further details relating to the carrying value and fair value of the above investments.

10 Trading properties under development

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Balance at beginning of the period/year	61,241	64,294	64,294
Additions during the period/year – (a)	853	1,447	125
Impairment in value – (b)	-	(4,500)	-
Balance at end of the period/year	62,094	61,241	64,419

- (a) The additions to trading properties under development during the period/year represent the construction and development cost incurred for Tamdeen Square Project (located in Sabah Al-Salem) for construction of investment residential towers.
- (b) During the previous year, the Group's management decided to reassess the fair value of its trading properties under development through two independent real estate valuers as of 31 December 2020 due to the market volatility arising from COVID-19. Consequently, the valuations obtained from the valuer resulted in a decline in value by KD4,500 thousand (also refer Note 22).
- (c) The Group's management expects to complete the development of these properties during the current year.

11 Investment properties

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Balance at beginning of the period/year	161,746	161,246	161,246
Additions during the period/year – (a)	780	3,539	1,254
Change in fair value during the period/year – (b)	-	(3,039)	-
Balance at end of the period/year	162,526	161,746	162,500

Notes to the interim condensed consolidated financial information (continued)

11 Investment properties (continued)

- a) The additions to investment properties represent the costs incurred during the period/year for the redevelopment of Al-Kout Complex.
- b) The fair value of investment properties at 31 December 2020 was determined based on valuations obtained from two independent valuers (also refer Note 22). Investment properties are represented by the carrying values of Al-Kout Mall and Hyatt Regency Al-Kout Mall (collectively referred to as “Al-Kout Complex”) and carrying value of Souq Al-Kout of KD 1,500 thousand at 31 March 2021 (KD1,500 thousand at 31 December 2020 and KD4,500 thousand at 31 March 2020) which is subject to a B.O.T contract with the Government of Kuwait where the contract terms end in 2024.
- c) Investment properties with a carrying value of KD161,026 thousand at 31 March 2021 (31 December 2020: KD160,246 thousand and 31 March 2020: KD158,000 thousand) [“Al-Kout Complex”] are totally mortgaged against term loans (Note 13).

Notes to the interim condensed consolidated financial information (continued)

12 Investments in associates

This item comprises the investments of the Group in the following associates:

Company's name	Place of incorporation	31 March 2021 (Unaudited)			31 December 2020 (Audited)			31 March 2020 (Unaudited)		
		Ownership %		Value KD'000	Ownership %		Value KD'000	Ownership %		Value KD'000
		Direct	Indirect*		Direct	Indirect*		Direct	Indirect*	
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	2	47,228	30	2	46,691	30	2	49,658
Kuwait National Cinema Company – KPSC**	Kuwait	-	48	54,278	-	48	54,895	-	48	61,747
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,550	-	31	27,553	-	31	27,561
Others	Kuwait	-	-	2,605	-	-	2,610	-	-	7,240
				131,661			131,749			146,206

* Indirect holding through the subsidiary [Tamdeen Investment Company – KPSC].

** A proportion of the investment in the associate, Kuwait National Cinema Company – KPSC, is pledged against term loans (refer Note 13b).

The Group's share of results of associates has been recorded based on the latest unaudited financial information prepared by the managements of these associates for the period ended 31 March 2021.

Notes to the interim condensed consolidated financial information (continued)

13 Term loans

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Term loans (a)	235,718	237,753	239,384
Average interest rate – range (above CBK discount rate)	0.75% - 1.25%	0.75% - 1.5%	0.75% - 1.25%

- a) Term loans of KD79,500 thousand (31 December 2020: KD81,500 thousand and 31 March 2020: KD80,400 thousand) are contractually due after one year, and the remaining term loans of KD156,218 thousand (31 December 2020: KD156,253 thousand and 31 March 2020: KD158,984 thousand) are maturing within one year and renewed periodically.
- b) The loans granted to the subsidiary companies totalling to KD164,355 thousand (31 December 2020: KD166,383 thousand and 31 March 2020: KD168,430 thousand) are against the mortgage of investments in shares with a fair value of KD87,399 thousand (31 December 2020: KD92,056 thousand and 31 March 2020: KD123,919 thousand) (Note 9), mortgage of investments in associates by an amount of KD25,657 thousand (31 December 2020: KD25,968 thousand and 31 March 2020: KD35,396 thousand) (Note 12), and mortgage of investment properties (Note 11).

14 Accounts payable and other credit balances

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Retentions for executed works	11,954	11,873	11,842
Rental received in advance	633	790	544
Accrued interest, leave and other expenses	1,875	1,834	3,475
Lease liability	158	157	156
Due to related parties	296	108	630
Dividends payable to shareholders	353	375	315
Advance payments received from customers	8,188	6,991	5,574
Accrued construction costs	3,503	3,513	3,782
Payables on acquisition of intangible assets	1,282	1,540	1,611
Provisions and other credit balances	7,932	7,763	9,409
	36,174	34,944	37,338

15 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following balances of the interim condensed consolidated statement of financial position:

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Cash and bank balances	27,814	28,641	11,039
Short term deposits	606	2,635	18,231
	28,420	31,276	29,270

Notes to the interim condensed consolidated financial information (continued)

16 Segmental analysis

The Group activities are concentrated in two main segments: Real Estate and Investment. The segments' results are reported to the top management in the Group. The activities of the Group are principally carried out within the State of Kuwait; With the exception of participations in capital of companies located outside Kuwait (Note 9), all of the assets and liabilities are located inside Kuwait.

The following is the segments information, which conforms with the internal reporting presented to management:

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 31 March 2021 (Unaudited)			
Gross income	5,034	3,522	8,556
Profit for the period	1,062	2,005	3,067
Total assets	234,446	331,461	565,907
Total liabilities	(218,356)	(89,969)	(308,325)
Total equity	16,090	241,492	257,582
Period ended at 31 March 2020 (Unaudited)			
Gross income	4,980	11,239	16,219
Profit for the period	450	9,266	9,716
Total assets	240,990	343,875	584,865
Total liabilities	(216,372)	(91,606)	(307,978)
Total equity	24,618	252,269	276,887

17 Annual general assembly of shareholders and appropriations

The General Assembly of shareholders held on 5 May 2021 approved the consolidated financial statements for the year ended 31 December 2020 and directors' proposal not to distribute any cash dividends and not to pay any remuneration to the board of directors for the year ended 31 December 2020 (the General Assembly of shareholders held on 28 June 2020 approved to distribute cash dividends of 5% or equivalent to 5 Kuwaiti Fils per share from the paid-up share capital to the shareholders, and to pay a remuneration to the board of directors of amount KD60 thousand for the year ended 31 December 2019).

18 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group 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.

Notes to the interim condensed consolidated financial information (continued)

18 Related party transactions (continued)

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

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 8)	229	6	3,820
Accounts payable and other credit balances (Note 14)	296	108	630
Additions to investment properties and trading properties under development	150	580	-
	Three months ended 31 March 2021 (Unaudited) KD'000	Year ended 31 Dec. 2020 (Audited) KD'000	Three months ended 31 March 2020 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Operating revenue	6	108	108
Income from management and consultancy fees	199	724	189
Cost of revenue	560	2,174	794
General, administrative and other expenses	204	722	198
ECL provisions for receivables	-	600	-
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	232	865	248
	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Contra accounts - off interim condensed consolidated statement of financial position items			
Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC (subsidiary)	91,969	75,350	124,039

19 Capital commitments and contingent liabilities

At the date of the interim condensed consolidated statement of financial position, the Group had contingent liabilities against letters of guarantee issued in favour of third parties of amount KD1,925 thousand (31 December 2020: KD1,925 thousand and 31 March 2020: KD1,818 thousand).

The Group had capital commitments amounting to KD2,461 thousand (31 December 2020: KD2,461 thousand and 31 March 2020: KD1,931 thousand) for its project classified under trading properties under development.

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities by category and fair value measurement

20.1 Summary of financial assets and liabilities by Category

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

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	28,420	31,276	29,270
- Accounts receivable and other debit balances (excluding advance payments to contractors and prepaid expenses)	6,754	3,535	19,271
Financial assets at fair value:			
- Investments at fair value through other comprehensive income	165,931	171,260	155,625
Total financial assets	201,105	206,071	204,166
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	26,800	26,267	21,519
- Term loans	235,718	237,753	239,384
- Accounts payable and other credit balances	36,174	34,944	37,338
- Refundable rental deposits	7,994	8,077	8,320
Total financial liabilities	306,686	307,041	306,561

20.2 Fair value measurement

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. Investments at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in note 20.3 to the interim condensed consolidated financial information. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs are considered a reasonable approximation of their fair values.

20.3 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets into three levels based on the significance of inputs used in measuring the fair value of the financial assets. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities by category and fair value measurement (continued)

20.3 Fair value hierarchy for financial instruments measured at fair value (continued)

The level within which the financial assets are classified is determined based on the lowest level of significant inputs which lead to the fair value measurement.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position according to the fair value hierarchy are as follows:

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 March 2021 (Unaudited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	68	-	-	68
- Participations in local companies shares				
• Quoted shares	6,814	-	-	6,814
• Unquoted shares	-	-	237	237
- Participations in capital of companies located outside Kuwait				
• Quoted shares	156,713	-	-	156,713
• Unquoted shares	-	-	2,099	2,099
	163,595	-	2,336	165,931
31 December 2020 (Audited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	74	-	-	74
- Participations in local companies shares				
• Quoted shares	5,102	-	-	5,102
• Unquoted shares	-	-	237	237
- Participations in capital of companies located outside Kuwait				
• Quoted shares	163,748	-	-	163,748
• Unquoted shares	-	-	2,099	2,099
	168,924	-	2,336	171,260

Notes to the interim condensed consolidated financial information (continued)

20 Summary of financial assets and liabilities by category and fair value measurement (continued)

20.3 Fair value hierarchy for financial instruments measured at fair value (continued)

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 March 2020 (Unaudited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	69	-	-	69
- Participations in local companies shares				
• Quoted shares	3,762	-	-	3,762
• Unquoted shares	-	-	522	522
- Participations in capital of companies located outside Kuwait				
• Quoted shares	148,719	-	-	148,719
• Unquoted shares	-	-	2,553	2,553
	152,550	-	3,075	155,625

There were no transfers between the levels during the current period.

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

Level 3 fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

	31 March 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	31 March 2020 (Unaudited) KD'000
Balance at the beginning of period/year	2,336	3,075	3,075
Change in fair value during the period/year	-	(739)	-
Balance at the end of period/year	2,336	2,336	3,075

21 Subsequent event

Subsequent to the date of the interim condensed consolidated statement of financial position, the court of cassation in Qatar issued a judgment on 6 April 2021 in favour of the Parent Company obligating Barwa Real Estate Company in Qatar to pay an amount of KD1,441 thousand and Qatari Riyal 500 thousand (equivalent to KD42 thousand) as compensation for the costs incurred by the Parent Company during previous years from a real estate investment. The execution of this judgment is still in the courts, and the Parent Company will recognise the amounts mentioned in the judgment issued by the court of cassation, in the consolidated financial statements upon collection.

Notes to the interim condensed consolidated financial information (continued)

22 Covid-19 Pandemic Impact

The outbreak of Coronavirus (“COVID-19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Governments worldwide imposed travel bans and strict quarantine measures in order to slow the spread of Covid-19. Business are dealing with lost revenue and disrupted supply chains. While the country has started to ease the lockdown, the relaxation has been gradual. Global and local equity markets have experienced significant volatility and weakness, and governments and central banks have reacted with various financial packages and reliefs designed to stabilize economic conditions.

Due to the consequent steps taken by the Government of Kuwait, the Group’s Malls (Al-Kout Mall and Souq Al-Kout) were temporarily closed effective from 15 March 2020 up to 30 June 2020, and thereafter has started operating from 1 July 2020 but with several restrictions (as directed by the Government of Kuwait) up to now. This has resulted in rent-free periods being given to tenants during the closure of the Malls and rent concessions being given to tenants thereafter. Management of the Group has reviewed these rent exemptions and concessions given to tenants during these exceptional circumstances experienced by the State of Kuwait due to the impact of COVID-19, and have concluded that they are within the scope of the original rent contract and are not lease modifications for the purpose of IFRS 16 - Leases, and thus decided to recognize the rent exemptions and concessions when incurred during respective periods. As of 31 March 2021, based on the currently available information, the Group’s Management has reviewed the carrying value of its investment properties and trading properties under development and concluded that the carrying values of these assets as reported as of 31 December 2020 are largely unchanged as of 31 March 2021.

Further, management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Group conducts its operations. The reported amounts of financial and non financial assets best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations.

Management is aware that a continued and persistent disruption could negatively impact the financial position, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, industry reports and cash flows to minimize any negative impact on the Group.

23 Comparative figures

Certain comparative figures have been reclassified to conform with the current period’s presentation of the interim condensed consolidated financial information. This reclassification has no effect on the consolidated financial statements for the previous year and the interim condensed consolidated financial information for the previous period including equity, net profit and cash and cash equivalents.