

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 June 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 30 June 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 six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

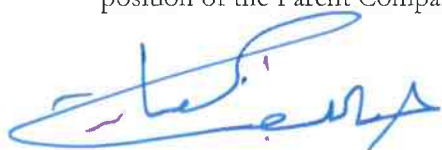
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 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 six-months period ended 30 June 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
12 August 2021

Interim condensed consolidated statement of profit or loss

| | Note | Three months ended | | Six months ended | |
|---|------|--|--|--|--|
| | | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
| Revenue | | | | | |
| Operating revenue | | 5,233 | 698 | 10,078 | 5,495 |
| Cost of revenue | | (1,292) | (1,134) | (2,906) | (2,849) |
| Net income/(loss) | | 3,941 | (436) | 7,172 | 2,646 |
| Management and consultancy fees | | 186 | 185 | 385 | 379 |
| Net income from investments | 6 | 3 | 95 | 2,755 | 10,394 |
| Share of results of associates | | 1,223 | (3,839) | 2,065 | (3,104) |
| Impairment in value of investments in associates | 12 | - | (2,909) | - | (2,909) |
| Change in fair value of investment properties | 11 | - | (3,000) | - | (3,000) |
| Impairment in value of trading properties under development | 10 | - | (4,000) | - | (4,000) |
| Foreign currency exchange (loss)/gain | | (115) | (124) | (197) | 344 |
| Other loss | | (36) | (670) | (26) | (610) |
| | | 5,202 | (14,698) | 12,154 | 140 |
| Expenses and other charges | | | | | |
| Staff costs | | 692 | 736 | 1,601 | 1,926 |
| General, administrative and other expenses | | 1,140 | 413 | 2,228 | 1,522 |
| Finance costs | | 1,697 | 1,880 | 3,383 | 4,340 |
| | | 3,529 | 3,029 | 7,212 | 7,788 |
| Profit/(loss) for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST | | 1,673 | (17,727) | 4,942 | (7,648) |
| (Provision)/reversal of provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | (11) | 12 | (37) | - |
| (Provision)/reversal of provision for Zakat | | (11) | 105 | (64) | (1) |
| (Provision)/reversal of provision for National Labour Support Tax (NLST) | | (23) | 242 | (146) | (3) |
| Profit/(loss) for the period | | 1,628 | (17,368) | 4,695 | (7,652) |
| Attributable to: | | | | | |
| Owners of the Parent Company | | 1,677 | (11,672) | 3,934 | (6,091) |
| Non-controlling interests | | (49) | (5,696) | 761 | (1,561) |
| | | 1,628 | (17,368) | 4,695 | (7,652) |
| Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company | 7 | 4.2 Fils | (29) Fils | 9.8 Fils | (15.1) 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 | | Six months ended | |
|--|--|--|--|--|
| | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
| Profit/(loss) for the period | 1,628 | (17,368) | 4,695 | (7,652) |
| Other comprehensive income: | | | | |
| <i>Items to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i> | | | | |
| Exchange differences arising on translation of foreign operations | (8) | (7) | (14) | 41 |
| Share of other comprehensive (loss)/income of associates | (4) | 23 | (6) | 17 |
| | (12) | 16 | (20) | 58 |
| <i>Items not to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i> | | | | |
| Net change in fair value of equity investments designated at FVOCI | 26,792 | (16,468) | 21,475 | (78,675) |
| Share of other comprehensive income/(loss) of associates | 1,058 | (1,319) | 124 | (2,322) |
| | 27,850 | (17,787) | 21,599 | (80,997) |
| Total other comprehensive income/(loss) for the period | 27,838 | (17,771) | 21,579 | (80,939) |
| Total comprehensive income/(loss) for the period | 29,466 | (35,139) | 26,274 | (88,591) |
| Attributable to: | | | | |
| Owners of the Parent Company | 17,439 | (21,724) | 15,982 | (51,828) |
| Non-controlling interests | 12,027 | (13,415) | 10,292 | (36,763) |
| | 29,466 | (35,139) | 26,274 | (88,591) |

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 | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|--|------|--|--|--|
| Assets | | | | |
| Cash and bank balances | 15 | 30,084 | 28,641 | 33,014 |
| Short term deposits | 15 | 515 | 2,635 | 3,635 |
| Accounts receivable and other debit balances | 8 | 6,610 | 4,850 | 8,678 |
| Investments at fair value through other comprehensive income | 9 | 192,735 | 171,260 | 139,157 |
| Trading properties under development | 10 | 62,475 | 61,241 | 60,681 |
| Investment properties | 11 | 162,548 | 161,746 | 159,854 |
| Investments in associates | 12 | 133,917 | 131,749 | 138,136 |
| Intangible assets | | 1,518 | 2,315 | 2,927 |
| Other assets | | 5,431 | 4,964 | 4,142 |
| Total assets | | 595,833 | 569,401 | 550,224 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Due to banks | | 10,755 | 26,267 | 23,974 |
| Term loans | 13 | 250,662 | 237,753 | 239,331 |
| Accounts payable and other credit balances | 14 | 37,673 | 34,944 | 39,320 |
| Refundable rental deposits | | 8,027 | 8,077 | 8,244 |
| Provision for end of service indemnity | | 1,672 | 1,586 | 1,505 |
| Total liabilities | | 308,789 | 308,627 | 312,374 |
| Equity | | | | |
| Share capital | | 43,193 | 43,193 | 43,193 |
| Share premium | | 11,132 | 11,132 | 11,132 |
| Treasury shares | | (11,926) | (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 | | 360 | 374 | 442 |
| Cumulative changes in fair value | | 80,593 | 68,531 | 49,646 |
| Retained earnings | | 17,524 | 13,590 | 19,711 |
| Equity attributable to the owners of the Parent Company | | 170,288 | 154,310 | 141,733 |
| Non-controlling interests | | 116,756 | 106,464 | 96,117 |
| Total equity | | 287,044 | 260,774 | 237,850 |
| Total liabilities and equity | | 595,833 | 569,401 | 550,224 |

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 | | | | Foreign | | | Cumulative changes in fair value KD'000 | Retained earnings KD'000 | Sub- Total KD'000 | Non- controlling interests KD'000 | Total KD'000 |
| Share capital KD'000 | Share premium KD'000 | Treasury shares KD'000 | Treasury sale of treasury shares KD'000 | Legal reserve KD'000 | Voluntary reserve KD'000 | currency translation reserve 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 |
| Purchase of treasury shares | - | - | (4) | - | - | - | - | - | - | (4) | - | (4) |
| Transactions with the owners | - | - | (4) | - | - | - | - | - | - | (4) | - | (4) |
| Profit for the period | - | - | - | - | - | - | - | - | 3,934 | 3,934 | 761 | 4,695 |
| Other comprehensive (loss)/income for the period | - | - | - | - | - | - | (14) | 12,062 | - | 12,048 | 9,531 | 21,579 |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | - | (14) | 12,062 | 3,934 | 15,982 | 10,292 | 26,274 |
| Balance as at 30 June 2021 | 43,193 | 11,132 | (11,926) | 756 | 13,629 | 15,027 | 360 | 80,593 | 17,524 | 170,288 | 116,756 | 287,044 |

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 | | | | | | | | | | | |
|---|---|---------------------------|-------------------------|-----------------------------|--|--|-----------------------------|----------------------------------|-------------------------------------|-----------------|---------------------------|----------|
| | Reserve on sale of | | | | 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 | Legal reserve KD'000 | Voluntary reserve KD'000 | Foreign currency translation reserve KD'000 | Cumulative changes in fair value KD'000 | Retained earnings KD'000 | Sub-Total KD'000 | Non-controlling interests KD'000 | Total 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 |
| Dividends paid to non-controlling interests by subsidiary | - | - | - | - | - | - | - | - | - | - | (1,787) | (1,787) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (20) | (20) |
| Cash dividends (Note 17) | - | - | - | - | - | - | - | - | (2,091) | (2,091) | - | (2,091) |
| Transactions with the owners | - | - | - | - | - | - | - | - | (2,091) | (2,091) | (1,807) | (3,898) |
| Loss for the period | - | - | - | - | - | - | - | - | (6,091) | (6,091) | (1,561) | (7,652) |
| Other comprehensive income/(loss) for the period | - | - | - | - | - | - | 41 | (45,778) | - | (45,737) | (35,202) | (80,939) |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | - | 41 | (45,778) | (6,091) | (51,828) | (36,763) | (88,591) |
| Balance as at 30 June 2020 | 43,193 | 11,132 | (11,803) | 756 | 13,629 | 15,027 | 442 | 49,646 | 19,711 | 141,733 | 96,117 | 237,850 |

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 | Six months ended 30 June 2021 (Unaudited) KD'000 | Six months ended 30 June 2020 (Unaudited) KD'000 |
|---|-----------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit/(loss) for the period | | 4,695 | (7,652) |
| Adjustments: | | | |
| Depreciation and amortization | | 1,085 | 901 |
| Provision for end of service indemnity | | 107 | 178 |
| Change in fair value of investment properties | | - | 3,000 |
| Impairment in value of trading properties under development | | - | 4,000 |
| Impairment in value of investments in associates | | - | 2,909 |
| Dividends income | | (2,747) | (10,273) |
| Interest income | | (8) | (121) |
| Share of results of associates | | (2,065) | 3,104 |
| Finance costs | | 3,383 | 4,340 |
| | | 4,450 | 386 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and other debit balances | | (1,760) | 2,653 |
| Accounts payable and other credit balances | | 2,642 | (383) |
| Refundable rental deposits | | (50) | (278) |
| End of service indemnity paid | | (21) | (144) |
| Net cash from operating activities | | 5,261 | 2,234 |
| INVESTING ACTIVITIES | | | |
| Additions to investment properties | | (802) | (1,608) |
| Additions to other assets and intangible assets | | (629) | (3,710) |
| Additions to trading properties under development | | (1,093) | (387) |
| Paid for acquiring additional stake in an associate | | - | (35) |
| Dividends income received | | 2,747 | 10,192 |
| Interest income received | | 8 | 95 |
| Net cash from investing activities | | 231 | 4,547 |
| FINANCING ACTIVITIES | | | |
| Cash dividends paid | | (55) | (6) |
| Change in due to banks | | (512) | 4,909 |
| Change in term loans | | (2,091) | (1,547) |
| Purchase of treasury shares | | (4) | - |
| Finance costs paid | | (3,507) | (5,786) |
| Net cash used in financing activities | | (6,169) | (2,430) |
| Net (decrease)/increase in cash and cash equivalents | | (677) | 4,351 |
| Cash and cash equivalents at beginning of the period | 15 | 31,276 | 32,298 |
| Cash and cash equivalents at end of the period | 15 | 30,599 | 36,649 |

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 six-months period ended 30 June 2021 was authorised for issue by the Parent Company’s board of directors on 12 August 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 six-month period ended 30 June 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 six-months period ended 30 June 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 30 June 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 |
|--|---|--------------------------------|----------------------------------|--------------------------|--------------------|-----------------------|-----------------|
| | 30 June 2021 (Unaudited) % | 31 Dec. 2020 (Audited) % | 30 June 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 | | Six months ended | |
|------------------|--|--|--|--|
| | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 | 30 June 2021 (Unaudited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
| Dividends income | 1 | 81 | 2,747 | 10,273 |
| Interest income | 2 | 14 | 8 | 121 |
| | 3 | 95 | 2,755 | 10,394 |

7 Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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 | | Six months ended | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 June 2021 (Unaudited) | 30 June 2020 (Unaudited) | 30 June 2021 (Unaudited) | 30 June 2020 (Unaudited) |
| Profit/(loss) for the period attributable to the owners of the Parent Company (KD'000) | 1,677 | (11,672) | 3,934 | (6,091) |
| Weighted average number of the outstanding shares (excluding treasury shares) (in thousands) | 401,655 | 402,130 | 401,661 | 402,130 |
| Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company | 4.2 Fils | (29) Fils | 9.8 Fils | (15.1) Fils |

8 Accounts receivable and other debit balances

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|--------------------------------------|--|--|--|
| Receivable from tenants | 2,311 | 689 | 620 |
| Due from related parties | 367 | 6 | 2,025 |
| Due from sale of trading properties* | 2,167 | 2,167 | 3,258 |
| Dividends income receivable | - | - | 81 |
| Advance payments to contractors | 577 | 1,044 | 1,365 |
| Accrued income | 115 | 71 | - |
| Prepaid expenses | 549 | 271 | 494 |
| Other debit balances | 976 | 869 | 1,160 |
| | 7,062 | 5,117 | 9,003 |
| Provision for impairment | (452) | (267) | (325) |
| | 6,610 | 4,850 | 8,678 |

* 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

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|---|--|--|--|
| Local managed portfolios | 82 | 74 | 73 |
| Participations in local companies shares | 7,266 | 5,339 | 5,574 |
| Participations in capital of companies located outside Kuwait | 185,387 | 165,847 | 133,510 |
| | 192,735 | 171,260 | 139,157 |

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 KD104,547 thousand (31 December 2020: KD92,056 thousand and 30 June 2020: KD107,775 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

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|--|--|--|--|
| Balance at beginning of the period/year | 61,241 | 64,294 | 64,294 |
| Additions during the period/year – (a) | 1,234 | 1,447 | 387 |
| Impairment in value – (b) | - | (4,500) | (4,000) |
| Balance at end of the period/year | 62,475 | 61,241 | 60,681 |

- 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.
- 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).
- There is a promise of mortgage of trading properties under development amounting to KD18,225 thousand (31 December 2020: KD18,200 thousand and 30 June 2020: KD18,700 thousand) against term loans (Note 13).
- The Group's management expects to complete the development of these properties during the current year.

11 Investment properties

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|---|--|--|--|
| Balance at beginning of the period/year | 161,746 | 161,246 | 161,246 |
| Additions during the period/year – (a) | 802 | 3,539 | 1,608 |
| Change in fair value during the period/year – (b) | - | (3,039) | (3,000) |
| Balance at end of the period/year | 162,548 | 161,746 | 159,854 |

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 30 June 2021 (KD1,500 thousand at 31 December 2020 and 30 June 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 KD161,048 thousand at 30 June 2021 (31 December 2020: KD160,246 thousand and 30 June 2020: KD158,354 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 | 30 June 2021 (Unaudited) | | 31 December 2020 (Audited) | | 30 June 2020 (Unaudited) | |
|--|------------------------|-----------------------------|-----------|-------------------------------|-----------|-----------------------------|-----------------|
| | | Ownership % | | Ownership % | | Ownership % | |
| | | Direct | Indirect* | Direct | Indirect* | Direct | Indirect* |
| | | | | | | | |
| | | | | | | Value KD'000 | Value KD'000 |
| Tamdeen Shopping Centers Company – KSC (Closed) | Kuwait | 30 | 2 | 30 | 2 | 46,691 | 47,184 |
| Kuwait National Cinema Company – KPSC** | Kuwait | - | 48 | - | 48 | 54,895 | 59,107 |
| Tamdeen Pearl Real Estate Company – KSC (Closed) | Kuwait | - | 31 | - | 31 | 27,553 | 27,559 |
| Others*** | Kuwait | - | - | - | - | 2,610 | 4,286 |
| | | | | | | 133,917 | 138,136 |

* 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).

*** During the previous period, the Group recorded impairment losses of KD2,909 thousand in the interim condensed consolidated statement of profit or loss for its investments in associates “British Industries for Printing and Packaging Company” and “BW British for Printing Company” based on estimated recoverable values.

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 30 June 2021.

Notes to the interim condensed consolidated financial information (continued)

13 Term loans

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|---|--|--|--|
| Term loans (a) | 250,662 | 237,753 | 239,331 |
| Average interest rate – range (above CBK discount rate) | 0.75% - 1.25% | 0.75% - 1.5% | 0.75% - 1.5% |

- a) Term loans of KD79,500 thousand (31 December 2020: KD81,500 thousand and 30 June 2020: KD81,400 thousand) are contractually due after one year, and the remaining term loans of KD171,162 thousand (31 December 2020: KD156,253 thousand and 30 June 2020: KD157,931 thousand) are maturing within one year and renewed periodically.
- b) Loans granted to the subsidiary companies totalling to KD164,340 thousand (31 December 2020: KD166,383 thousand and 30 June 2020: KD168,418 thousand) are against the mortgage of investments in shares with a fair value of KD104,547 thousand (31 December 2020: KD92,056 thousand and 30 June 2020: KD107,775 thousand) (Note 9), mortgage of investments in associates by an amount of KD25,996 thousand (31 December 2020: KD25,968 thousand and 30 June 2020: KD27,799 thousand) (Note 12), and mortgage of investment properties (Note 11).
- c) Loans granted to a subsidiary amounting to KD11,411 thousand (31 December 2020: KD11,440 thousand and 30 June 2020: KD11,471 thousand) are against a promise of mortgage of tradings properties under development (Note 10).

14 Accounts payable and other credit balances

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|--|--|--|--|
| Retentions for executed works | 12,013 | 11,873 | 11,554 |
| Rental received in advance | 228 | 790 | 550 |
| Accrued interest, leave and other expenses | 2,143 | 1,834 | 1,841 |
| Lease liability | 160 | 157 | 157 |
| Due to related parties | 458 | 108 | 804 |
| Dividends payable to shareholders | 320 | 375 | 4,192 |
| Advance payments received from customers | 10,902 | 6,991 | 5,887 |
| Accrued construction costs | 2,837 | 3,513 | 3,556 |
| Payables on acquisition of intangible assets | 1,023 | 1,540 | 1,341 |
| Provisions and other credit balances | 7,589 | 7,763 | 9,438 |
| | 37,673 | 34,944 | 39,320 |

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:

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|------------------------|--|--|--|
| Cash and bank balances | 30,084 | 28,641 | 33,014 |
| Short term deposits | 515 | 2,635 | 3,635 |
| | 30,599 | 31,276 | 36,649 |

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 30 June 2021 (Unaudited) | | | |
| Gross income | 10,441 | 4,619 | 15,060 |
| Profit for the period | 2,816 | 1,879 | 4,695 |
| Total assets | 236,674 | 359,159 | 595,833 |
| Total liabilities | (218,871) | (89,918) | (308,789) |
| Total equity | 17,803 | 269,241 | 287,044 |
| Period ended at 30 June 2020 (Unaudited) | | | |
| Gross income | 2,858 | 131 | 2,989 |
| (Loss)/profit for the period | (8,787) | 1,135 | (7,652) |
| Total assets | 233,268 | 316,956 | 550,224 |
| Total liabilities | (217,711) | (94,663) | (312,374) |
| Total equity | 15,557 | 222,293 | 237,850 |

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:

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|--|--|--|--|
| Interim condensed consolidated statement of financial position | | | |
| Accounts receivable and other debit balances (Note 8) | 367 | 6 | 2,025 |
| Accounts payable and other credit balances (Note 14) | 458 | 108 | 804 |
| Additions to investment properties and trading properties under development | 106 | 580 | 185 |
| | | | |
| | Six months ended 30 June 2021 (Unaudited) KD'000 | Year ended 31 Dec. 2020 (Audited) KD'000 | Six months ended 30 June 2020 (Unaudited) KD'000 |
| Interim condensed consolidated statement of profit or loss | | | |
| Operating revenue | 40 | 108 | 111 |
| Income from management and consultancy fees | 381 | 724 | 370 |
| Cost of revenue | 830 | 2,174 | 1,181 |
| General, administrative and other expenses | 441 | 722 | 358 |
| ECL provisions for receivables | - | 600 | - |
| Benefits of key management personnel of the Group: | | | |
| Short term employee benefits and board of directors' remuneration | 431 | 865 | 511 |
| | | | |
| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 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) | 111,694 | 75,350 | 91,979 |

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 30 June 2020: KD1,818 thousand).

The Group had capital commitments amounting to KD2,461 thousand (31 December 2020: KD2,461 thousand and 30 June 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:

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 2020 (Unaudited) KD'000 |
|---|--|--|--|
| Financial assets | | | |
| Financial assets at amortised cost: | | | |
| - Cash and cash equivalents | 30,599 | 31,276 | 36,649 |
| - Accounts receivable and other debit balances (excluding advance payments to contractors and prepaid expenses) | 5,484 | 3,535 | 6,819 |
| Financial assets at fair value: | | | |
| - Investments at fair value through other comprehensive income | 192,735 | 171,260 | 139,157 |
| Total financial assets | 228,818 | 206,071 | 182,625 |
| Financial liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| - Due to banks | 10,755 | 26,267 | 23,974 |
| - Term loans | 250,662 | 237,753 | 239,331 |
| - Accounts payable and other credit balances | 37,673 | 34,944 | 39,320 |
| - Refundable rental deposits | 8,027 | 8,077 | 8,244 |
| Total financial liabilities | 307,117 | 307,041 | 310,869 |

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 |
|---|-------------------|-------------------|-------------------|-----------------|
| 30 June 2021 (Unaudited) | | | | |
| Financial assets at fair value | | | | |
| Investments at fair value through other comprehensive income | | | | |
| - Local managed portfolios | | | | |
| • Quoted shares | 82 | - | - | 82 |
| - Participations in local companies shares | | | | |
| • Quoted shares | 7,029 | - | - | 7,029 |
| • Unquoted shares | - | - | 237 | 237 |
| - Participations in capital of companies located outside Kuwait | | | | |
| • Quoted shares | 183,288 | - | - | 183,288 |
| • Unquoted shares | - | - | 2,099 | 2,099 |
| | 190,399 | - | 2,336 | 192,735 |
| 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 |
|---|-------------------|-------------------|-------------------|-----------------|
| 30 June 2020 (Unaudited) | | | | |
| Financial assets at fair value | | | | |
| Investments at fair value through other comprehensive income | | | | |
| - Local managed portfolios | 73 | - | - | 73 |
| • Quoted shares | | | | |
| - Participations in local companies shares | | | | |
| • Quoted shares | 5,052 | - | - | 5,052 |
| • Unquoted shares | - | - | 522 | 522 |
| - Participations in capital of companies located outside Kuwait | | | | |
| • Quoted shares | 130,957 | - | - | 130,957 |
| • Unquoted shares | - | - | 2,553 | 2,553 |
| | 136,082 | - | 3,075 | 139,157 |

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:

| | 30 June 2021 (Unaudited) KD'000 | 31 Dec. 2020 (Audited) KD'000 | 30 June 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 Legal cases

- 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)

21 Legal cases (continued)

- The main contractor (NASA Construction General Trading and Contracting Company – WLL) for the construction and execution of Tamdeen Square Project (located in Sabah Al-Salem) and which is included within trading properties under development, has filed an arbitration case against Tamdeen Real Estate Company at the International Court of Arbitration of the International Chamber of Commerce for the purpose of obtaining an international arbitration regarding clearing the project's account with the Parent Company. The arbitration case is at its initial stages, and thus management confirms that at present it is too early to predict and quantify the final outcome of the case.

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 30 June 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 30 June 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 loss and cash and cash equivalents.