

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 September 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 September 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 nine-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.

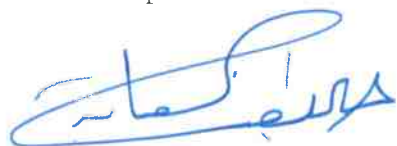
Conclusion

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 nine-month period ended 30 September 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 nine-months period ended 30 September 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
14 November 2021

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000	30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Revenue					
Operating revenue		5,370	3,195	15,448	8,690
Cost of revenue		(1,627)	(1,304)	(4,533)	(4,153)
Net income		3,743	1,891	10,915	4,537
Management and consultancy fees		195	174	580	553
Net income from investments	6	462	215	3,217	10,609
Change in fair value of investment properties	11	-	-	-	(3,000)
Impairment in value of trading properties under development	10	-	-	-	(4,000)
Share of results of associates		3,332	(3,407)	5,397	(6,511)
Impairment in value of investments in associates	12	-	(1,753)	-	(4,662)
Foreign currency exchange gain/(loss)		42	(136)	(155)	208
Other income/(loss)	21	2,060	494	2,034	(116)
		9,834	(2,522)	21,988	(2,382)
Expenses and other charges					
Staff costs		735	763	2,336	2,689
General, administrative and other expenses		1,496	1,191	3,724	2,713
Finance costs		1,695	2,107	5,078	6,447
		3,926	4,061	11,138	11,849
Profit/(loss) for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST		5,908	(6,583)	10,850	(14,231)
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(23)	(3)	(60)	(3)
Provision for Zakat		(39)	(2)	(103)	(3)
(Provision)/reversal of provision for National Labour Support Tax (NLST)		(126)	3	(272)	-
Profit/(loss) for the period		5,720	(6,585)	10,415	(14,237)
Attributable to :					
Owners of the Parent Company		4,708	(4,398)	8,642	(10,489)
Non-controlling interests		1,012	(2,187)	1,773	(3,748)
		5,720	(6,585)	10,415	(14,237)
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	7	11.7 Fils	(10.9) Fils	21.5 Fils	(26.1) 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		Nine months ended	
	30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000	30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Profit/(loss) for the period	5,720	(6,585)	10,415	(14,237)
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	4	(42)	(10)	(1)
Share of other comprehensive income/(loss) of associates	3	(14)	(3)	3
	7	(56)	(13)	2
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	32,035	39,471	53,510	(39,204)
Share of other comprehensive income/(loss) of associates	477	(346)	601	(2,668)
	32,512	39,125	54,111	(41,872)
Total other comprehensive income/(loss) for the period	32,519	39,069	54,098	(41,870)
Total comprehensive income/(loss) for the period	38,239	32,484	64,513	(56,107)
Attributable to:				
Owners of the Parent Company	22,977	17,483	38,959	(34,345)
Non-controlling interests	15,262	15,001	25,554	(21,762)
	38,239	32,484	64,513	(56,107)

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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Assets				
Cash and bank balances	15	30,788	28,641	30,384
Short term deposits	15	498	2,635	2,654
Accounts receivable and other debit balances	8	7,709	4,850	6,537
Investments at fair value through other comprehensive income	9	223,613	171,260	178,560
Trading properties under development	10	62,819	61,241	60,924
Investment properties	11	162,548	161,746	160,710
Investments in associates	12	137,732	131,749	131,219
Intangible assets		1,250	2,315	2,529
Other assets		5,912	4,964	4,582
Total assets		632,869	569,401	578,099
Liabilities and equity				
Liabilities				
Due to banks		9,533	26,267	23,536
Term loans	13	248,139	237,753	239,320
Accounts payable and other credit balances	14	40,039	34,944	35,109
Refundable rental deposits		8,108	8,077	8,168
Provision for end of service indemnity		1,767	1,586	1,605
Total liabilities		307,586	308,627	307,738
Equity				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,926)	(11,922)	(11,851)
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		364	374	400
Cumulative changes in fair value		98,858	68,531	71,569
Retained earnings		22,232	13,590	15,394
Equity attributable to the owners of the Parent Company		193,265	154,310	159,249
Non-controlling interests		132,018	106,464	111,112
Total equity		325,283	260,774	270,361
Total liabilities and equity		632,869	569,401	578,099



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 shares KD'000	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	-	-	-		-	-	-	-	-	8,642	8,642	1,773	10,415
Other comprehensive (loss)/income for the period	-	-	-		-	-	-	(10)	30,327	-	30,317	23,781	54,098
Total comprehensive (loss)/income for the period	-	-	-		-	-	-	(10)	30,327	8,642	38,959	25,554	64,513
Balance as at 30 September 2021	43,193	11,132	(11,926)		756	13,629	15,027	364	98,858	22,232	193,265	132,018	325,283

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				Foreign currency			Cumulative	Retained earnings	Sub-Total	Non-controlling interests	Total
Share capital	Share premium	Treasury shares	on sale of treasury shares	Legal reserve	Voluntary reserve	translation reserve	changes in fair value	Non-controlling interests				
KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	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)
Purchase of treasury shares	-	-	(48)	-	-	-	-	-	-	(48)	-	(48)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(26)	(26)
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	(2,010)	(2,010)	-	(2,010)
Transactions with the owners	-	-	-	-	-	-	-	-	(2,010)	(2,058)	(1,813)	(3,871)
Loss for the period	-	-	-	-	-	-	-	-	(10,489)	(10,489)	(3,748)	(14,237)
Other comprehensive loss for the period	-	-	-	-	-	-	(1)	(23,855)	-	(23,856)	(18,014)	(41,870)
Total comprehensive loss for the period	-	-	-	-	-	-	(1)	(23,855)	(10,489)	(34,345)	(21,762)	(56,107)
Balance as at 30 September 2020	43,193	11,132	(11,851)	756	13,629	15,027	400	71,569	15,394	159,249	111,112	270,361

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	Nine months ended 30 Sept. 2021 (Unaudited) KD'000	Nine months ended 30 Sept. 2020 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit/(loss) for the period		10,415	(14,237)
Adjustments:			
Depreciation and amortisation		1,443	1,335
Provision for end of service indemnity		222	285
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		-	4,662
Share of results of associates		(5,397)	6,511
Dividends income		(3,202)	(10,485)
Interest income		(15)	(124)
Finance costs		5,078	6,447
		8,544	1,394
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(2,859)	4,660
Accounts payable and other credit balances		4,846	(1,864)
Refundable rental deposits		31	(354)
End of service indemnity paid		(41)	(151)
Net cash from operating activities		10,521	3,685
INVESTING ACTIVITIES			
Proceeds from sale of investments at fair value through other comprehensive income		1,159	-
Additions to investment properties		(802)	(2,464)
Additions to trading properties under development		(1,387)	(630)
Additions to other assets and intangible assets		(697)	(2,938)
Paid for acquiring additional stake in an associate		-	(145)
Dividends income received		3,202	10,485
Dividends received from associates		-	1,568
Interest income received		15	124
Net cash from investing activities		1,490	6,000
FINANCING ACTIVITIES			
Cash dividends paid		(68)	(1,977)
Cash dividends paid to non-controlling interests by subsidiary		-	(1,787)
Change in due to banks		(1,734)	4,471
Change in term loans		(4,614)	(1,558)
Purchase of treasury shares		(4)	(48)
Finance costs paid		(5,581)	(8,046)
Net cash used in financing activities		(12,001)	(8,945)
Net increase in cash and cash equivalents		10	740
Cash and cash equivalents at beginning of the period	15	31,276	32,298
Cash and cash equivalents at end of the period	15	31,286	33,038

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 nine-months period ended 30 September 2021 was authorised for issue by the Parent Company’s board of directors on 14 November 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 nine-month period ended 30 September 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 nine-months period ended 30 September 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 September 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 Sept. 2021 (Unaudited) %	31 Dec. 2020 (Audited) %	30 Sept. 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		Nine months ended	
	30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000	30 Sept. 2021 (Unaudited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Dividends income	455	212	3,202	10,485
Interest income	7	3	15	124
	462	215	3,217	10,609

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		Nine months ended	
	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)	30 Sept. 2021 (Unaudited)	30 Sept. 2020 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD'000)	4,708	(4,398)	8,642	(10,489)
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	401,653	401,989	401,658	402,083
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	11.7 Fils	(10.9) Fils	21.5 Fils	(26.1) Fils

8 Accounts receivable and other debit balances

	30 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Receivable from tenants	2,807	689	693
Due from related parties	457	6	655
Due from sale of trading properties*	2,167	2,167	2,667
Advance payments to contractors	501	1,044	1,126
Accrued income	95	71	62
Prepaid expenses	668	271	719
Other debit balances	1,297	869	839
	7,992	5,117	6,761
Provision for impairment	(283)	(267)	(224)
	7,709	4,850	6,537

* 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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Local managed portfolios	78	74	69
Participations in local companies shares	7,517	5,339	5,045
Participations in capital of companies located outside Kuwait	216,018	165,847	173,446
	223,613	171,260	178,560

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 KD124,545 thousand (31 December 2020: KD92,056 thousand and 30 September 2020: KD121,806 thousand) mortgaged against term loans (Note 13).

During the current period, a subsidiary of the Group disposed part of an investment classified at fair value through other comprehensive income. The fair value of the disposed shares as at the date of de-recognition is KD1,159 thousand and the Group's share of the related cumulative gain of KD480 thousand is carried in the cumulative changes in fair value (the cumulative gain carried in the cumulative changes in fair value amounted to KD5,047 thousand at 30 September 2021 and KD4,567 thousand at 31 December 2020 and 30 September 2020).

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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Balance at beginning of the period/year	61,241	64,294	64,294
Additions during the period/year – (a)	1,578	1,447	630
Impairment in value – (b)	-	(4,500)	(4,000)
Balance at end of the period/year	62,819	61,241	60,924

- 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.
- Trading properties under development with a carrying value of KD18,356 thousand (31 December 2020: KD18,200 thousand and 30 September 2020: KD18,700 thousand) have a promise of mortgage against term loans (Note 13).
- The Group's management expects to complete the development of these properties during the current year.

Notes to the interim condensed consolidated financial information (continued)

11 Investment properties

	30 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 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	2,464
Change in fair value during the period/year – (b)	-	(3,039)	(3,000)
Balance at end of the period/year	162,548	161,746	160,710

- 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. 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 KD1,500 thousand at 30 September 2021 (KD1,500 thousand at 31 December 2020 and 30 September 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 September 2021 (31 December 2020: KD160,246 thousand and 30 September 2020: KD159,210 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 September 2021 (Unaudited)				31 December 2020 (Audited)				30 September 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	50,816		30	2	46,691		30	2	45,612	
Kuwait National Cinema Company – KPSC**	Kuwait	-	48	56,770		-	48	54,895		-	48	55,570	
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,545		-	31	27,553		-	31	27,556	
Others***	Kuwait	-	-	2,601		-	-	2,610		-	-	2,481	
				137,732				131,749				131,219	

* 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 period ended 30 September 2020, the Group recorded impairment losses of KD4,662 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 September 2021.

Notes to the interim condensed consolidated financial information (continued)

13 Term loans

	30 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Term loans (a)	248,139	237,753	239,320
Average interest rate – range (above CBK discount rate)	0.75% - 1.25%	0.75% - 1.5%	0.75% - 1.5%

- a) Term loans of KD77,500 thousand (31 December 2020: KD81,500 thousand and 30 September 2020: KD72,000 thousand) are contractually due after one year, and the remaining term loans of KD170,639 thousand (31 December 2020: KD156,253 thousand and 30 September 2020: KD167,320 thousand) are maturing within one year and renewed periodically.
- b) Loans granted to the subsidiary companies totalling to KD162,310 thousand (31 December 2020: KD166,383 thousand and 30 September 2020: KD168,407 thousand) are against the mortgage of investments in shares with a fair value of KD124,545 thousand (31 December 2020: KD92,056 thousand and 30 September 2020: KD121,806 thousand) (Note 9), mortgage of investments in associates by an amount of KD33,188 thousand (31 December 2020: KD25,968 thousand and 30 September 2020: KD26,141 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 September 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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Retentions for executed works	12,064	11,873	11,638
Rental received in advance	964	790	715
Accrued interest, leave and other expenses	2,527	1,834	1,657
Lease liability	453	157	158
Due to related parties	296	108	657
Dividends payable to shareholders	307	375	409
Advance payments received from customers	13,572	6,991	6,280
Accrued construction costs	2,352	3,513	3,552
Payables on acquisition of intangible assets	775	1,540	2,236
Provisions and other credit balances	6,729	7,763	7,807
	40,039	34,944	35,109

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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Cash and bank balances	30,788	28,641	30,384
Short term deposits	498	2,635	2,654
	31,286	31,276	33,038

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 September 2021 (Unaudited)			
Gross income	16,004	10,517	26,521
Profit for the period	4,129	6,286	10,415
Total assets	238,469	394,400	632,869
Total liabilities	(217,878)	(89,708)	(307,586)
Total equity	20,591	304,692	325,283
Period ended at 30 September 2020 (Unaudited)			
Gross income/(loss)	2,273	(502)	1,771
Loss for the period	(9,212)	(5,025)	(14,237)
Total assets	232,769	345,330	578,099
Total liabilities	(217,269)	(90,469)	(307,738)
Total equity	15,500	254,861	270,361

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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 8)	457	6	655
Accounts payable and other credit balances (Note 14)	296	108	657
Additions to investment properties and trading properties under development	146	580	415
	Nine months ended 30 Sept. 2021 (Unaudited) KD'000	Year ended 31 Dec. 2020 (Audited) KD'000	Nine months ended 30 Sept. 2020 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Operating revenue	187	108	108
Income from management and consultancy fees	577	724	539
Cost of revenue	1,155	2,174	1,591
General, administrative and other expenses	710	722	412
ECL provisions for receivables	-	600	-
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	631	865	717
	30 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 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)	146,968	75,350	107,214

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 KD2,031 thousand (31 December 2020: KD1,925 thousand and 30 September 2020: KD1,818 thousand).

The Group had capital commitments amounting to KD2,461 thousand (31 December 2020: KD2,461 thousand and 30 September 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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 2020 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	31,286	31,276	33,038
- Accounts receivable and other debit balances (excluding advance payments to contractors and prepaid expenses)	6,540	3,535	4,692
Financial assets at fair value:			
- Investments at fair value through other comprehensive income	223,613	171,260	178,560
Total financial assets	261,439	206,071	216,290
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	9,533	26,267	23,536
- Term loans	248,139	237,753	239,320
- Accounts payable and other credit balances	40,039	34,944	35,109
- Refundable rental deposits	8,108	8,077	8,168
Total financial liabilities	305,819	307,041	306,133

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 September 2021 (Unaudited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	78	-	-	78
- Participations in local companies shares				
• Quoted shares	7,277	-	-	7,277
• Unquoted shares	-	-	240	240
- Participations in capital of companies located outside Kuwait				
• Quoted shares	213,919	-	-	213,919
• Unquoted shares	-	-	2,099	2,099
	221,274	-	2,339	223,613
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 September 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	4,523	-	-	4,523
• Unquoted shares	-	-	522	522
- Participations in capital of companies located outside Kuwait				
• Quoted shares	170,889	-	-	170,889
• Unquoted shares	-	-	2,557	2,557
	175,481	-	3,079	178,560

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 Sept. 2021 (Unaudited) KD'000	31 Dec. 2020 (Audited) KD'000	30 Sept. 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	3	(739)	4
Balance at the end of period/year	2,339	2,336	3,079

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. This judgement was executed during the current period, and the amounts mentioned in the judgment issued by the court of cassation of KD1,471 thousand (net after deducting legal expenses) equivalent to Qatari Riyal 18,150 thousand were collected and recognized as other income in the interim condensed consolidated statement of profit or loss for the current period.

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.

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.