

**AJIAL REAL ESTATE ENTERTAINMENT  
COMPANY K.S.C.P. AND ITS SUBSIDIARY**

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

**30 SEPTEMBER 2021**





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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ajial Real Estate Entertainment Company K.S.C.P. (the “Parent Company”) and its subsidiary (collectively, the “Group”) as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the 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 condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing; and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the nine months period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-months period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



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ABDULKARIM ALSAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

25 October 2021  
Kuwait

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(UNAUDITED)

For the period ended 30 September 2021

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Rental and services income		<b>345,308</b>	239,364	<b>950,296</b>	631,768
Property operating expenses		<b>(89,619)</b>	(61,871)	<b>(262,213)</b>	(198,861)
<b>Net rental income</b>		<b>255,689</b>	177,493	<b>688,083</b>	432,907
Share of result from associates	6	<b>855,993</b>	670,580	<b>2,619,059</b>	2,185,848
Unrealised gain on financial assets at fair value through profit or loss		<b>138,282</b>	30,779	<b>492,502</b>	58,599
Dividend income		<b>63,250</b>	-	<b>74,348</b>	-
<b>Net investment income</b>		<b>1,057,525</b>	701,359	<b>3,185,909</b>	2,244,447
<b>Total operating income</b>		<b>1,313,214</b>	878,852	<b>3,873,992</b>	2,677,354
Administrative expenses		<b>(210,863)</b>	(200,406)	<b>(602,973)</b>	(601,049)
<b>Net operating income</b>		<b>1,102,351</b>	678,446	<b>3,271,019</b>	2,076,305
Other income		<b>6,177</b>	37,632	<b>37,175</b>	142,704
Finance costs		<b>(84,848)</b>	(133,560)	<b>(283,626)</b>	(358,934)
Reversal of legal claim	16	-	-	<b>822,191</b>	-
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>		<b>1,023,680</b>	582,518	<b>3,846,759</b>	1,860,075
Contribution to KFAS		<b>(375)</b>	-	<b>(9,091)</b>	-
NLST		<b>(25,944)</b>	(14,885)	<b>(97,025)</b>	(47,768)
Zakat		<b>(1,399)</b>	-	<b>(12,938)</b>	-
<b>PROFIT FOR THE PERIOD</b>		<b>995,962</b>	567,633	<b>3,727,705</b>	1,812,307
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	4	<b>5.15 fils</b>	2.93 fils	<b>19.27 fils</b>	9.37 fils

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>995,962</b>	567,633	<b>3,727,705</b>	1,812,307
<b>Other comprehensive (loss) income</b>				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments of an associate	(40,379)	145,028	(88,566)	272,020
<b>Other comprehensive (loss) income for the period</b>	<b>(40,379)</b>	145,028	<b>(88,566)</b>	272,020
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>955,583</b>	712,661	<b>3,639,139</b>	2,084,327

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED)**

As at 30 September 2021

		30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		300,327	336,658	359,073
Investment properties	5	80,069,980	72,244,626	70,887,299
Investment in associates	6	73,596,901	71,910,996	71,385,517
Receivable from sublease		-	255,715	445,003
		<u>153,967,208</u>	<u>144,747,995</u>	<u>143,076,892</u>
<b>Current assets</b>				
Receivable from sublease		445,002	744,561	736,247
Account receivables and prepayments		1,128,625	1,280,729	1,410,731
Financial assets at fair value through profit or loss		2,003,223	1,510,721	1,645,627
Wakala investment deposits		450,000	580,000	910,000
Bank balances and cash	7	1,846,865	1,901,396	1,582,503
		<u>5,873,715</u>	<u>6,017,407</u>	<u>6,285,108</u>
<b>TOTAL ASSETS</b>		<u><u>159,840,923</u></u>	<u><u>150,765,402</u></u>	<u><u>149,362,000</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	19,448,100	19,448,100	19,448,100
Share premium		5,199,430	5,199,430	5,199,430
Statutory reserve		1,437,410	1,437,410	1,293,969
Voluntary reserve		1,253,779	1,253,779	1,110,338
Treasury shares	9	(319,250)	(319,250)	(319,250)
Effect of change in accounting policy of investment properties		46,118,487	46,118,487	46,118,487
Foreign currency translation reserve		(114,945)	(26,379)	207,115
Retained earnings		56,533,037	52,805,332	53,528,602
<b>Total equity</b>		<u>129,556,048</u>	<u>125,916,909</u>	<u>126,586,791</u>
<b>Non-current liabilities</b>				
Employees' end of service benefits		328,867	292,258	277,159
Account payables and accruals		532,858	740,060	937,601
Murabaha payables	10	24,200,000	20,400,000	18,600,000
		<u>25,061,725</u>	<u>21,432,318</u>	<u>19,814,760</u>
<b>Current liabilities</b>				
Account payables and accruals		3,353,647	3,217,749	2,958,476
Bank overdraft	7	369,503	198,426	1,973
Murabaha payables	10	1,500,000	-	-
		<u>5,223,150</u>	<u>3,416,175</u>	<u>2,960,449</u>
<b>Total liabilities</b>		<u>30,284,875</u>	<u>24,848,493</u>	<u>22,775,209</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>159,840,923</u></u>	<u><u>150,765,402</u></u>	<u><u>149,362,000</u></u>

  
Sheikh Ali Al Abdullah Al Khalifah Al Sabah  
Chairman

  
Sheikh Hamad Mubarak Jaber Al Ahmad Al Sabah  
Vice Chairman

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	<i>Share Capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Capital surplus KD</i>	<i>Treasury shares KD</i>	<i>Effect of change in accounting policy of investment properties KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
As at 1 January 2021	19,448,100	5,199,430	1,437,410	1,253,779	-	(319,250)	46,118,487	(26,379)	52,805,332	125,916,909
Profit for the period	-	-	-	-	-	-	-	-	3,727,705	3,727,705
Other comprehensive loss for the period	-	-	-	-	-	-	-	(88,566)	-	(88,566)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(88,566)	3,727,705	3,639,139
<b>As at 30 September 2021</b>	<b>19,448,100</b>	<b>5,199,430</b>	<b>1,437,410</b>	<b>1,253,779</b>	<b>-</b>	<b>(319,250)</b>	<b>46,118,487</b>	<b>(114,945)</b>	<b>56,533,037</b>	<b>129,556,048</b>

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Capital surplus KD</i>	<i>Treasury shares KD</i>	<i>Effect of change in accounting policy of investment properties KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
As at 1 January 2020	18,522,000	5,199,430	1,293,969	1,110,338	759,234	(319,250)	46,118,487	(64,905)	51,883,161	124,502,464
Profit for the period	-	-	-	-	-	-	-	-	1,812,307	1,812,307
Other comprehensive income for the period	-	-	-	-	-	-	-	272,020	-	272,020
Total comprehensive income for the period	-	-	-	-	-	-	-	272,020	1,812,307	2,084,327
Issue of bonus shares (Note 8)	926,100	-	-	-	(759,234)	-	-	-	(166,866)	-
As at 30 September 2020	19,448,100	5,199,430	1,293,969	1,110,338	-	(319,250)	46,118,487	207,115	53,528,602	126,586,791

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 September 2021

		<i>Nine months ended</i>	
		<i>30 September</i>	
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		3,727,705	1,812,307
Adjustments to reconcile profit for the period to net cash flows:			
Share of result of associates	6	(2,619,059)	(2,185,848)
Unrealised gain on financial assets at fair value through profit or loss		(492,502)	(58,599)
Dividend income		(74,348)	-
Interest income		(28,226)	(55,864)
Depreciation		71,013	67,282
Provision for employees' end of service benefits		39,465	50,661
Finance costs		283,626	358,934
Reversal of legal claims	16	(822,191)	-
		<b>85,483</b>	<b>(11,127)</b>
Working capital adjustments:			
Account receivables and prepayments		152,104	397,125
Account payables and accruals		721,223	(124,079)
Cash flows from operations		<b>958,810</b>	261,919
Employees' end of service benefits paid		(2,856)	-
<b>Net cash flows from operating activities</b>		<b>955,954</b>	261,919
<b>INVESTING ACTIVITIES</b>			
Additions to furniture and equipment		(17,061)	(1,070)
Additions to investment properties	5	(7,186,829)	(4,506,373)
Return of capital to investment in associates	6	133,905	121,381
Dividends received from associates	6	710,683	1,776,707
Net movement in wakala investment deposits		130,000	(580,000)
Interest income received		28,226	55,864
Dividend Received		74,348	-
Lease collection received		-	530,886
<b>Net cash flows used in investing activities</b>		<b>(6,126,728)</b>	<b>(2,602,605)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(7,460)	(329)
Finance costs paid		(283,626)	(358,934)
Lease payments		(63,748)	(499,818)
Murabaha finance facilities available		5,300,000	4,400,000
<b>Net cash flows from financing activities</b>		<b>4,945,166</b>	3,540,919
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(225,608)</b>	1,200,233
Cash and cash equivalents at the beginning of the period		1,702,970	380,297
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	7	<b>1,477,362</b>	1,580,530
<b>Non-cash transactions:</b>			
Retention payable		638,525	325,373
Additions to investment properties		(638,525)	(325,373)

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

# Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ajial Real Estate Entertainment Company K.S.C.P. (the “Parent Company”) and its Subsidiary (collectively, the “Group”) for the Nine months period ended 30 September 2021 was authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2021.

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 26 October 1996. The Group is engaged in real estate, contracting and entertainment activities and all related real estate trading activities, which includes renting, purchasing and selling lands and buildings. The Parent Company’s shares are listed on Boursa Kuwait.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting (AGM) held on 16 March 2021.

The registered head office of the Parent Company is located at Al Hamra Tower, 26<sup>th</sup> Floor, Office No. 2, P.O. Box 22448, Safat 13085, Kuwait.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”), ‘*Interim Financial Reporting*’. 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 interim condensed consolidated financial information does not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the Nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have a material impact on the interim condensed consolidated financial information of the Group.

#### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.



Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiary  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at and for the period ended 30 September 2021

**4 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 September, the Parent Company has no outstanding dilutive potential ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The basic and diluted earnings per share for the nine months period ended 30 September is as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2021</b>	2020	<b>2021</b>	2020
Profit for the period (“KD”)	<b>995,962</b>	567,633	<b>3,727,705</b>	1,812,307
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	<b>193,423,511</b>	193,423,511	<b>193,423,511</b>	193,423,511
Basic and diluted earnings per share	<b>5.15 fils</b>	2.93 fils	<b>19.27 fils</b>	9.37 fils

**5 INVESTMENT PROPERTIES**

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<b>2021</b>	2020	2020
	<b>KD</b>	<b>KD</b>	<b>KD</b>
As at the beginning of the period / year	<b>72,244,626</b>	66,055,553	66,055,553
Additions	<b>7,825,354</b>	7,278,473	4,831,746
Change in fair value of investment properties	-	(1,089,400)	-
As at the end of the period / year	<b>80,069,980</b>	72,244,626	70,887,299

Investment properties are categorised as follows:

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<b>2021</b>	2020	2020
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Properties under development	<b>54,047,701</b>	46,224,626	44,266,899
Developed properties	<b>26,022,279</b>	26,020,000	26,620,400
As at the end of the period / year	<b>80,069,980</b>	72,244,626	70,887,299

As at 30 September 2021, investment properties with a carrying value of KD 75,747,700 (31 December 2020: KD 67,924,626 and 30 September 2020: KD 66,218,298) is pledged as a security against Murabaha payables of KD 25,700,000 (31 December 2020: KD 20,400,000 and 30 September 2020: KD 18,600,000) (Note 10) and bank overdraft of KD 369,503 (31 December 2020: KD 198,426 and 30 September 2020: KD 1,973) (Note 7).

Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiary  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

As at and for the period ended 30 September 2021

**5 INVESTMENT PROPERTIES (continued)**

The fair value of investment properties has been determined based on valuations performed by two independent professional real estate valuers, who are industry specialised in valuing such type of investment properties. One of these valuers is a local bank and the other is a local reputable accredited valuer. Both valuers have used the following methods:

- ▶ Properties under development has been valued using a combination of the sales comparison approach for the land and cost approach for the construction work.
- ▶ Developed properties which generates rental income has been valued using the income capitalisation approach.

The Management believes that there is no significant change in the fair value of investment properties since the latest valuation performed as at 31 December 2020.

Fair value hierarchy disclosures for investment properties are provided in Note 13.

**6 INVESTMENT IN ASSOCIATES**

Movement in the carrying value of investment in associates during the period /year is as follows:

	<b>30 September 2021 KD</b>	<i>(Audited)</i> <b>31 December 2020 KD</b>	<b>30 September 2020 KD</b>
At the beginning of the period / year	<b>71,910,996</b>	70,825,737	70,825,737
Share of results	<b>2,619,059</b>	3,051,473	2,185,848
Return of capital	<b>(133,905)</b>	(228,033)	(121,381)
Dividends received	<b>(710,683)</b>	(1,776,707)	(1,776,707)
Foreign currency translation adjustments	<b>(88,566)</b>	38,526	272,020
At the end of the period / year	<b><u>73,596,901</u></b>	<u>71,910,996</u>	<u>71,385,517</u>

The share of results of an associate for the period ended 30 September 2021 have been recorded based on the management accounts.

**7 CASH AND CASH EQUIVALENTS**

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<b>30 September 2021 KD</b>	<i>(Audited)</i> <b>31 December 2020 KD</b>	<b>30 September 20120 KD</b>
Bank balances and cash	<b>1,846,865</b>	1,901,396	1,582,503
Bank overdraft	<b>(369,503)</b>	(198,426)	(1,973)
<b>Total cash and cash equivalents</b>	<b><u>1,477,362</u></b>	<u>1,702,970</u>	<u>1,580,530</u>

Bank overdraft represent facilities granted by local bank in Kuwaiti Dinars and carries an effective interest rates of 1.5% (31 December 2020: 1.5% and 30 September 2020: 1.5%) per annum over the Central Bank of Kuwait discount rate which is secured against certain investment properties (Note 5).

Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiary  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

As at and for the period ended 30 September 2021

**8 SHARE CAPITAL**

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Authorized, issued and paid up share capital			
194,481,000 shares of 100 fils each (31 December 2020:			
194,481,000 shares of 100 fils each and 30 September 2020			
194,481,000 shares of 100 fils each) fully paid in cash	<b>19,448,100</b>	19,448,100	19,448,100

During the prior year, the Extra-Ordinary General Assembly (“EGM”) of the Parent Company’s shareholders approved the increase of the Parent Company’s authorised, issued, and paid up share capital by issuing 9,261,000 bonus shares amounting to KD 926,100 to the shareholders registered in the Parent Company’s records. The issuance of bonus shares was made through the Group’s capital surplus and retained earnings.

The Annual General Assembly meeting (“AGM”) of the Parent Company’s shareholders held on 16 March 2021 approved the Board of Directors’ recommendation not to distribute dividends for the year ended 31 December 2020 (2019: 5% bonus issue).

**9 TREASURY SHARES**

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Number of treasury shares	<b>1,057,489</b>	1,057,489	1,057,489
Percentage of ownership	<b>0.54%</b>	0.54%	0.54%
Market value (KD)	<b>280,235</b>	187,176	144,876
Cost (KD)	<b>319,250</b>	319,250	319,250

The weighted average market price of the Parent Company’s shares for the period ended 30 September 2021 was 265 fils per share (31 December 2020: 177 fils per share and 30 September 2020: 137 fils per share)

Reserves equivalent to the cost of treasury shares are not available for distribution throughout the period/year these shares are held by the Group as per CMA guidelines.

**10 MURABAHA PAYABLE**

Murabaha payable is obtained from a local bank, denominated in Kuwaiti Dinar and carry a profit rate of 1.5% (31 December 2020: 1.5% and 30 September 2020: 3.42%) per annum over the Central Bank of Kuwait’s discount rate and secured against certain investment properties with carrying value of KD 75,747,700 as at 30 September 2021 (31 December 2020: KD 67,924,626 and 30 September 2020: KD 66,218,298) (Note 5).

**11 RELATED PARTY DISCLOSURES**

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company’s management.

Transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

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**11 RELATED PARTY DISCLOSURES (continued)**

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss</i>				
Rent and other expense (included in property operating expenses and administrative expenses) (an associate)	<b>1,110</b>	1,260	<b>3,334</b>	3,784
			<i>(Audited)</i>	
	<i>Associate</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>KD</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>				
Amounts (due to)/from a related party	<b>(315,235)</b>	<b>(315,235)</b>	(31,139)	21,440
Lease liabilities	<b>698,582</b>	<b>698,582</b>	1,251,505	1,435,332

Amounts due to a related party is interest free and is payable within one year from the reporting date.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel:</i>				
Salaries and short-term benefits	<b>43,011</b>	43,357	<b>126,190</b>	128,221
Employees' end of service benefits	<b>6,322</b>	6,322	<b>18,738</b>	25,445
	<b>49,333</b>	49,679	<b>144,928</b>	153,666

On 10 February 2021, the Board of Directors of the Parent Company proposed directors' remuneration of KD 20,000 for the year ended 31 December 2020 (2019: KD 50,000). This proposal was subject to the approval of the shareholders at the AGM of the Parent Company.

The Annual General Assembly of the Parent Company's shareholders held on 16 March 2021 approved the board of directors' recommendation to distribute a directors' remuneration of KD 20,000 (2019: approved not to distribute a directors' remuneration for the year ended 31 December 2019 accordingly, the unutilized amount of KD 50,000 has been reversed to other income during that year).

**12 FAIR VALUE MEASUREMENT**

Investment properties and financial assets at fair value through profit or loss have been stated at fair values. For other financial assets and financial liabilities carried at amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or repriced immediately based on market movement in interest rates.

**Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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**12 FAIR VALUE MEASUREMENT (continued)**

The following table shows an analysis of the Group's assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<b><i>As at 30 September 2021</i></b>			
Investment properties	<b>54,047,701</b>	<b>26,022,279</b>	<b>80,069,980</b>
Financial assets at fair value through profit or loss	-	<b>2,003,223</b>	<b>2,003,223</b>
<b><i>As at 31 December 2020 (Audited)</i></b>			
Investment properties	46,224,626	26,020,000	72,244,626
Financial assets at fair value through profit or loss	-	1,510,721	1,510,721
<b><i>As at 30 September 2020</i></b>			
Investment properties	44,266,899	26,620,400	70,887,299
Financial assets at fair value through profit or loss	-	1,645,627	1,645,627

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets:

	<i>At the beginning of the period / year KD</i>	<i>Net gains (losses) KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>At the end of the period / year KD</i>
<b><i>As at 30 September 2021</i></b>				
Financial assets at fair value though profit or loss	<b>1,510,721</b>	<b>492,502</b>	-	<b>2,003,223</b>
<b><i>As at 31 December 2020 (Audited)</i></b>				
Financial assets at fair value though profit or loss	1,587,028	(76,307)	-	1,510,721
<b><i>As at 30 September 2020</i></b>				
Financial assets at fair value though profit or loss	1,587,028	58,599	-	1,645,627
	<i>At the beginning of the period / year KD</i>	<i>Net losses KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>At the end of the period / year KD</i>
<b><i>As at 30 September 2021</i></b>				
Investment properties	<b>26,020,000</b>	-	<b>2,279</b>	<b>26,022,279</b>
<b><i>As at 31 December 2020 (Audited)</i></b>				
Investment properties	26,569,000	(602,400)	53,400	26,020,000
<b><i>As at 30 September 2020</i></b>				
Investment properties	26,569,000	-	51,400	26,620,400

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**12 FAIR VALUE MEASUREMENT (continued)**

*Description of significant unobservable inputs to valuation of financial assets:*

*Managed funds:*

Managed funds have been valued based on Net Asset Value (NAV) provided by the custodian of the fund, the sensitivity of the fair value measurement to changes in unobservable inputs is not available.

*Unquoted equity securities:*

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range</b>	<b>Sensitivity of the input to fair value</b>
Unquoted equity securities	Average market multiples approach	DLOM *	15%-60%	5% increase (decrease) in the discount would decrease (increase) the fair value by KD 130,049.

\* Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

*Description of valuation techniques used and key inputs to valuation of investment properties:*

*Investment properties*

*Property under development*

Property under development is valued using a combination of the sales comparison approach for the land and cost approach for the construction work. Sales comparison approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property. Estimated cost approach is based on a comparison of the cost of constructing a similar property taking into consideration depreciation of the construction costs, adjusted for difference in the nature, location or condition of the specific property.

*Developed properties*

Developed properties are valued using the income capitalization approach, which is based on capitalization of the discounted annual cash flows from the property. This is calculated by discounting rental income generated annually by the property using the current market discount rate.

**13 SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- ▶ Real estate investing activities comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- ▶ Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

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**13 SEGMENT INFORMATION (continued)**

Segment reporting information is as follows:

	<i>Real estate activities KD</i>	<i>Equities and other investing activities KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<b><i>Period ended 30 September 2021</i></b>				
Segment revenue	<b>950,296</b>	<b>2,693,407</b>	<b>859,366</b>	<b>4,503,069</b>
Unrealised gain on financial assets at fair value through profit or loss	-	<b>492,502</b>	-	<b>492,502</b>
Finance costs	-	<b>(227,294)</b>	<b>(56,332)</b>	<b>(283,626)</b>
Other expenses	<b>(262,213)</b>	-	<b>(722,027)</b>	<b>(984,240)</b>
Segment results	<b>688,083</b>	<b>2,958,615</b>	<b>81,007</b>	<b>3,727,705</b>
<b><i>As at 30 September 2021</i></b>				
Segment assets	<b>80,069,980</b>	<b>75,600,124</b>	<b>4,170,819</b>	<b>159,840,923</b>
Segment liabilities	<b>16,724,803</b>	<b>10,000,000</b>	<b>3,560,072</b>	<b>30,284,875</b>
	<i>Real estate activities KD</i>	<i>Equities and other investing activities KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<b><i>Year ended 31 December 2020 (Audited)</i></b>				
Segment revenue	874,088	3,113,973	170,992	4,159,053
Change in fair value of investment properties	(1,089,400)	-	-	(1,089,400)
Unrealised loss on financial assets at fair value through profit or loss	-	(76,307)	-	(76,307)
Finance costs	-	(339,820)	(126,822)	(466,642)
Other expenses, net	<b>(272,803)</b>	-	<b>(877,982)</b>	<b>(1,150,785)</b>
Segment results	<b>(488,115)</b>	<b>2,697,846</b>	<b>(833,812)</b>	<b>1,375,919</b>
<b><i>As at 31 December 2020 (Audited)</i></b>				
Segment assets	<b>72,244,626</b>	<b>73,421,717</b>	<b>5,099,059</b>	<b>150,765,402</b>
Segment liabilities	<b>11,144,665</b>	<b>10,000,000</b>	<b>3,703,828</b>	<b>24,848,493</b>

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**13 SEGMENT INFORMATION (continued)**

	<i>Real estate activities KD</i>	<i>Equities and other investing activities KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 30 September 2020</i>				
Segment revenue	631,768	2,185,848	142,704	2,960,320
Unrealised gain on financial assets at fair value through profit or loss	-	58,599	-	58,599
Finance costs	-	(263,529)	(95,405)	(358,934)
Other expenses	(198,861)	-	(648,817)	(847,678)
Segment results	432,907	1,980,918	(601,518)	1,812,307
<i>As at 30 September 2020</i>				
Segment assets	70,887,299	73,031,143	5,443,558	149,362,000
Segment liabilities	9,133,795	10,000,000	3,641,414	22,775,209

**14 CONTINGENT LIABILITIES**

As at 30 September 2021, the Group has contingent liabilities representing letter of guarantee amounting to KD 21,399 (31 December 2020: KD 21,399 and 30 September 2020: KD 21,399) issued to the Ministry of Finance in respect of its investment properties, from which it is anticipated that no material liability will arise.

**15 CAPITAL COMMITMENTS**

The Group has entered into construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction of KD 5,375,673 (31 December 2020: KD 10,481,762 and 30 September 2020: KD 12,021,211).

**16 REVERSAL OF LEGAL CLAIM**

During the previous years, the Parent Company recorded a provision for legal claim relating to National Labour Support Tax (NLST) claimed by the Ministry of Finance for the fiscal year 2012. In 2015, the Group raised a legal case against the Ministry of Finance requesting a cancellation of this claim and since that time, the case was under the assessment of the court of litigation. The final verdict was issued by the Court of Cassation on 10 March 2021 in favor of the Group stipulating the cancellation of this claim. Accordingly, based on the final verdict issued, the Group has reversed the excess provision recorded previously of KD 822,191 in the interim condensed consolidated statement of profit or loss for the period then ended.

**17 IMPACT OF COVID-19**

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.



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