

Interim condensed consolidated financial information and review report

Kuwait Real Estate Company – KPSC and 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
Kuwait Real Estate Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Real Estate Company - KPSC ("the Parent Company") and its subsidiaries ("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, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority and its relevant regulations 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.

Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners



Kuwait
7 November 2021

Interim condensed consolidated statement of profit or loss

		Three months ended		Nine months ended	
	Notes	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
Income					
Real estate rental income		5,417,321	5,193,701	15,697,994	15,162,746
Real estate operating expenses		(651,626)	(335,870)	(1,830,872)	(1,659,773)
Net rental income		4,765,695	4,857,831	13,867,122	13,502,973
Change in fair value of investment properties	9	(1,819,294)	(1,759,195)	(5,457,882)	(5,277,585)
Gain on sale of investment properties	9.4	1,315,535	-	1,837,858	-
Change in fair value of financial assets at FVTPL		2,708	(43,294)	455,855	(44,586)
Gain on sale of financial assets at FVTPL		-	44,962	168	282,827
Share of results of associates	11	81,878	19,151	233,089	(47,875)
Dividend income		62,737	190,623	247,623	258,870
Gain on disposal of subsidiaries		-	-	-	346,401
Reversal of provision for tax of overseas subsidiary	6	-	-	504,718	-
Other income		67,093	131,838	181,945	423,616
		4,476,352	3,441,916	11,870,496	9,444,641
Expenses and other charges					
General and administrative expenses		(391,865)	(398,137)	(1,228,402)	(1,267,886)
Finance costs	7	(1,268,070)	(1,363,085)	(3,990,330)	(4,393,201)
Provision for doubtful debts		-	(645,000)	-	(645,000)
		(1,659,935)	(2,406,222)	(5,218,732)	(6,306,087)
Profit for the period before provision for National Labour Support Tax (NLST) and Zakat					
		2,816,417	1,035,694	6,651,764	3,138,554
NLST		(58,781)	(26,383)	(144,797)	(78,098)
Zakat		(43,767)	(14,571)	(101,777)	(38,056)
Profit for the period		2,713,869	994,740	6,405,190	3,022,400
Attributable to:					
Owners of the Parent Company		2,268,933	1,018,428	5,589,163	3,014,572
Non-controlling interest		444,936	(23,688)	816,027	7,828
Profit for the period		2,713,869	994,740	6,405,190	3,022,400
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)					
	8	2.45	1.15	6.21	3.46

The notes set out on pages 9 to 26 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	30 Sept. 2020 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2020 (Unaudited) KD
Profit for the period	2,713,869	994,740	6,405,190	3,022,400
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	747,341	(576,635)	7,683,381	(1,972,443)
<i>Items that will be reclassified subsequently to interim condensed consolidated statement of profit or loss</i>				
Exchange differences arising on translation of foreign operations	(55,334)	(148,091)	(303,033)	(344,704)
Transfer to interim condensed consolidated statement of profit or loss on partial disposal of subsidiaries	-	-	-	(152,160)
Total other comprehensive income/(loss)	692,007	(724,726)	7,380,348	(2,469,307)
Total comprehensive income for the period	3,405,876	270,014	13,785,538	553,093
Attributable to:				
Owners of the Parent Company	2,960,940	293,702	12,969,511	545,265
Non-controlling interests	444,936	(23,688)	816,027	7,828
Total comprehensive income for the period	3,405,876	270,014	13,785,538	553,093

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		218,853	89,848	204,798
Investment properties	9	211,376,991	218,339,071	218,678,764
Properties under development		13,086,108	10,377,048	9,717,721
Capital work in progress		2,800,034	814,569	1,455,211
Financial assets at FVTOCI	10	37,276,582	33,890,990	36,155,312
Investment in associates	11	7,921,168	7,604,079	8,481,078
Due from related parties	20	359,469	359,469	359,469
		273,039,205	271,475,074	275,052,353
Current assets				
Trading properties		8,665,861	8,727,651	8,795,050
Due from related parties	20	10,616,053	8,033,471	11,990,620
Accounts receivable and other assets		6,465,924	4,697,332	6,589,844
Advance payments for purchase of investments	12	17,396,436	16,039,281	15,973,636
Financial assets at FVTPL	13	7,867,972	6,495,324	7,113,629
Cash and cash equivalents	14	19,224,109	3,084,723	2,538,894
		70,236,355	47,077,782	53,001,673
Total Assets		343,275,560	318,552,856	328,054,026
Equity and Liabilities				
Equity				
Share capital	15	94,736,506	94,736,506	94,736,506
Share premium		3,425,191	3,425,191	3,425,191
Treasury shares	16	(3,970,981)	(6,644,417)	(5,217,620)
Other components of equity	17	6,669,948	6,281,426	13,010,007
Retained earnings		29,666,509	20,157,247	20,265,137
Equity attributable to owners of the Parent Company		130,527,173	117,955,953	126,219,221
Non-controlling interests		4,106,338	3,301,717	3,081,723
Total Equity		134,633,511	121,257,670	129,300,944
Liabilities				
Non-current liabilities				
Borrowings	18	135,195,564	141,594,328	137,342,761
Lease liabilities	19	15,711,285	22,921,249	26,551,517
Provision for employees' end of service benefits		1,042,040	984,372	965,911
		151,948,889	165,499,949	164,860,189
Current liabilities				
Due to related parties	20	10,414,997	3,486,913	1,646,352
Borrowings	18	11,741,866	3,346,231	7,427,829
Lease liabilities	19	12,974,245	7,033,096	7,266,811
Accounts payable and other liabilities		17,189,318	13,480,063	13,369,363
Due to bank		4,372,734	4,448,934	4,182,538
		56,693,160	31,795,237	33,892,893
Total Liabilities		208,642,049	197,295,186	198,753,082
Total Equity and Liabilities		343,275,560	318,552,856	328,054,026



Talal Jassim Al-Bahar
Vice Chairman and CEO

The notes set out on pages 9 to 26 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						Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Other components of equity (Note 17) KD	Retained earnings KD	Sub-total KD		
Balance at 1 January 2021	94,736,506	3,425,191	(6,644,417)	6,281,426	20,157,247	117,955,953	3,301,717	121,257,670
Gain on acquiring additional interest in a subsidiary (note 5.1)	-	-	-	-	8,286	8,286	(11,406)	(3,120)
Purchase of treasury shares	-	-	(9,869,892)	-	-	(9,869,892)	-	(9,869,892)
Sale of treasury shares	-	-	8,034,140	1,429,175	-	9,463,315	-	9,463,315
Bonus shares distribution (note 22)	-	-	4,509,188	1,391,024	(5,900,212)	-	-	-
Total transactions with the owners	-	-	2,673,436	2,820,199	(5,891,926)	(398,291)	(11,406)	(409,697)
Profit for the period	-	-	-	-	5,589,163	5,589,163	816,027	6,405,190
Other comprehensive income for the period	-	-	-	7,380,348	-	7,380,348	-	7,380,348
Total comprehensive income for the period	-	-	-	7,380,348	5,589,163	12,969,511	816,027	13,785,538
Gain on sale of financial assets at FVTOCI	-	-	-	(9,812,025)	9,812,025	-	-	-
Balance at 30 September 2021 (unaudited)	94,736,506	3,425,191	(3,970,981)	6,669,948	29,666,509	130,527,173	4,106,338	134,633,511

The notes set out on pages 9 to 26 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					Non- controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Other components of equity (Note 17) KD	Retained earnings KD	Sub total KD	
Balance at 1 January 2020	94,736,506	3,425,191	(6,262,577)	15,559,006	20,476,781	127,934,907	131,008,802
Purchase of treasury shares	-	-	(2,563,251)	-	-	(2,563,251)	(2,563,251)
Sale of treasury shares	-	-	271,778	30,522	-	302,300	302,300
Bonus shares distribution (note 22)	-	-	3,336,430	131,485	(3,467,915)	-	-
Total transactions with the owners	-	-	1,044,957	162,007	(3,467,915)	(2,260,951)	(2,260,951)
Profit for the period	-	-	-	-	3,014,572	3,014,572	3,022,400
Other comprehensive loss for the period	-	-	-	(2,469,307)	-	(2,469,307)	(2,469,307)
Total comprehensive (loss)/income for the period	-	-	-	(2,469,307)	3,014,572	545,265	553,093
Gain on sale of financial assets at FVTOCI	-	-	-	(241,699)	241,699	-	-
Balance at 30 September 2020 (unaudited)	94,736,506	3,425,191	(5,217,620)	13,010,007	20,265,137	126,219,221	129,300,944

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2021 (Unaudited) KD	Nine months ended 30 Sept. 2020 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		6,405,190	3,022,400
Adjustments:			
Depreciation		14,134	10,120
Finance costs		3,990,330	4,393,201
Change in fair value of investments at FVTPL		(455,855)	44,586
Gain on sale of financial assets at FVTPL		(168)	(282,827)
Share of results of associates	11	(233,089)	47,875
Dividend income		(247,623)	(258,870)
Gain on disposal of subsidiaries		-	(346,401)
Change in fair value of investment properties		5,457,882	5,277,585
Gain on sale of investment properties		(1,837,858)	-
Provision for employees' end of service benefits		98,336	73,149
Provision for doubtful debts		-	645,000
Reversal of provision for tax claims of overseas subsidiary		(504,718)	-
		12,686,561	12,625,818
Changes in operating assets and liabilities:			
Due from related parties		(2,582,582)	(5,396,622)
Accounts receivable and other assets		88,025	(3,272,768)
Advance payments for purchase investments		(1,357,155)	(4,615,974)
Due to related parties		6,928,084	635,424
Accounts payable and other liabilities		4,373,442	(332,443)
Employees' end of service benefits paid		(40,668)	(79,290)
Net cash from/(used in) operating activities		20,095,707	(435,855)
INVESTING ACTIVITIES			
Purchase of property and equipment		(143,139)	(7,531)
Additions to properties under development		(2,709,060)	(2,267,022)
Additions to capital work in progress		(1,985,465)	(936,085)
Purchase of financial assets at FVTOCI		(6,399,282)	(1,955,170)
Proceeds from sale of financial assets at FVTOCI		6,521,669	1,241,365
Purchase of financial assets at FVTPL		(917,328)	(94,006)
Additions to investment properties		(3,057,028)	(50,123)
Proceeds from sale of investment properties		5,495,687	-
Proceeds from sale of investments at FVTPL		703	1,449,707
Proceeds from disposal of subsidiaries		-	2,550,000
Additions to associate		(120,000)	-
Dividends received from associates		36,000	165,545
Increase in restricted cash		347	(5,717)
Increase in term deposits		-	(8,647)
Dividends income received		247,623	258,870
Net cash (used in)/ from investing activities		(3,029,273)	341,186

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows (continued)

	Notes	Nine months ended 30 Sept. 2021 (Unaudited) KD	Nine months ended 30 Sept. 2020 (Unaudited) KD
FINANCING ACTIVITIES			
Net change in borrowings		2,008,975	5,640,750
Finance costs paid		(3,423,614)	(2,040,817)
Lease liabilities paid		(1,995,000)	(4,812,000)
Net movement in treasury shares		2,673,436	1,044,957
Net cash used in financing activities		(736,203)	(167,110)
Net increase/(decrease) in cash and cash equivalents		16,330,231	(261,779)
Foreign currency adjustments		(114,298)	(350,748)
Cash and cash equivalents at the beginning of the period	14	(2,868,444)	(2,777,200)
Cash and cash equivalents at the end of the period	14	13,347,489	(3,389,727)
Material non-cash transactions:			
Financial assets at FVTPL		-	14,599,870
Investment in associate		-	(4,423,135)
Financial assets at FVTOCI		-	(10,176,735)

The notes set out on pages 9 to 26 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

Kuwait Real Estate Company – KPSC (the “Parent Company”) was incorporated in 1972 as a Kuwaiti Public Shareholding Company in accordance with the provisions of the Commercial Companies Law in the State of Kuwait.

The Parent Company’s shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (together referred as “the Group”). The details of the subsidiaries are described in Note 5.

The main activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies’ shares or projects similar to the Company’s objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others’ properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate work for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the Company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the Company’s objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the Company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the Company's real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the Company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by "Building, Operation & Transfer" (BOT) system and manage the real estate utilities by BOT system.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is P.O.Box 1257, Safat 13013, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2021 was authorised for issue by the Parent Company's board of directors on 7 November 2021.

2 Basis of preparation

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 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, except for the changes described in note 3.

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

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, 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.

Operating results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the 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.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

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

However, the IFRS 16 Leases amendment relating to Covid19 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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management does not anticipate that the application of these amendments may have a significant impact on the Group's interim condensed consolidated financial information in future should such transactions arise.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Group's interim condensed consolidated financial information.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Annual Improvements 2018-2020 Cycle (continued)

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Lease Incentives – amendment to illustrative examples – The IASB was informed about the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Taxation in fair value measurements – Before this amendment, when an entity used a discounted cash flow technique to determine the fair value applying IAS 41, IAS 41.22 required the entity to exclude taxation cash flows from the calculation. The amendment to IAS 41 removed from this requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

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, 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 consolidated financial statements as at and for the year ended 31 December 2020.

5 Subsidiaries

On 27 April 2021, the Group acquired an additional 0.10% equity interest in International Resorts Company – KSCC for a total consideration of KD3,120. The Group recognised the difference of KD8,286 between the fair value of consideration paid and the share of net assets acquired directly in the Statement of Shareholders' Equity. The Group now owns 69.73% (31 December 2020: 69.63% and 30 September 2020: 68.69%).

Notes to the interim condensed consolidated financial information (continued)

6 Reversal of provision for tax claims of overseas subsidiary

In 2019, there were a number of outstanding tax claims by the Ministry of Finance in the Republic of Lebanon against a subsidiary of the Group. While management of the subsidiary filed objections against these tax claims it recognised a provision of KD606,000 equivalent to USD2 million against liabilities that may arise from these disputed claims.

However, the subsidiary received a letter from the Ministry of Finance in the Republic of Lebanon obligating it for a tax and penalties for an aggregate amount of Lebanese Lira 4.8 billion equivalent to KD101,282. As a result, during the period, the Group reversed a provision of KD504,718 in the interim condensed consolidated statement of profit or loss.

7 Finance costs

	Nine months ended 30 September 2021 (Unaudited) KD	Nine months ended 30 September 2020 (Unaudited) KD
<i>On financial liabilities at amortised cost:</i>		
Due to bank	78,842	108,236
Borrowings	3,059,261	3,227,423
Lease liabilities	726,185	956,204
Others	126,042	101,338
	3,990,330	4,393,201

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

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

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2021	30 Sept. 2020	30 Sept. 2021	30 Sept. 2020
Profit for the period attributable to the owners of the Parent Company (KD)	2,268,933	1,018,428	5,589,163	3,014,572
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	926,610,171	888,713,813	900,662,175	870,240,134
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	2.45	1.15	6.21	3.46

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
<i>Owned properties</i>			
Balance at the beginning of the period/year	186,598,187	185,128,561	185,128,561
Additions during the period/year	3,057,028	418,413	50,123
Disposals during the period/year (9.4)	(4,561,226)	-	-
Transferred from capital work in progress	-	796,700	-
Change in fair value	-	254,513	-
Balance at the end of the period/year	185,093,989	186,598,187	185,178,684
<i>Leased properties</i>			
Balance at the beginning of the period/year	31,740,884	38,777,665	38,777,665
Change in fair value for the period/year	(5,457,882)	(7,036,781)	(5,277,585)
Balance at the end of the period/year	26,283,002	31,740,884	33,500,080
Total balance at the end of the period/year	211,376,991	218,339,071	218,678,764

9.1 The Group's investment properties are located as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Kuwait	191,609,734	196,863,692	193,443,692
Other GCC and other countries	19,767,257	21,475,379	25,235,072
	211,376,991	218,339,071	218,678,764

9.2 Investment properties with carrying value of KD167,364,650 (31 December 2020: KD164,853,150 and 30 September 2020: KD158,624,538) are pledged against borrowings and balances due to bank (Note 18).

9.3 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department.

9.4 The Group jointly owns a right of use of a real estate property in Kuwait. The owners of the right of use include related parties and the property is managed by one of the subsidiaries of the Group. The Group's aggregate share in the right of use is 35.71% amounting to KD4,561,595. During the period, the subsidiary as the property manager sub-divided the property into number of plots of land for the purpose of sale and construction of a resort. Subsequently, and up to the reporting date, the subsidiary as the property manager has sold number of plots of land including 6 plots to the related parties of the Group. The aggregate sales consideration amounted to KD13,050,000 (including KD3,000,000 to related parties) which resulted into a total gain of KD5,385,800. The Group's share of the sales consideration and the gain amounted to KD4,660,155 and KD1,923,269, respectively. As of the date of issuing of this interim condensed consolidated financial information, the formalities to transfer sold plots into the name of the buyers are currently in progress.

Furthermore, the Group sold certain properties located in UAE for total sale consideration of KD1,738,929 resulting into a loss of KD85,411.

Notes to the interim condensed consolidated financial information (continued)

10 Financial assets at fair value through other comprehensive income

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted securities	10,640,655	5,900,864	5,629,113
Local unquoted securities	5,023,393	11,194,975	10,296,729
Foreign unquoted securities	11,054,506	9,950,421	13,233,383
Debt instruments	6,949,220	6,844,730	6,996,087
Managed fund	3,608,808	-	-
	37,276,582	33,890,990	36,155,312

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2020 and 30 September 2020: 9%).

The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in note 23.1.

11 Investment in associates

Following is the movement for the investment in associates during the period/year:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balance at the beginning of the period/year	7,604,079	7,967,807	7,967,807
Arising on loss of control of subsidiaries	-	579,562	579,562
Arising on reclassification	-	14,599,871	14,599,871
Additions in associates	120,000	416,741	412,532
Share of results	233,089	62,111	(47,875)
Disposals	-	(15,856,468)	(14,865,274)
Dividend received	(36,000)	(165,545)	(165,545)
Balance at the end of the period/year	7,921,168	7,604,079	8,481,078

12 Advance payments for purchase of investments

These represent the following:

- 12.1 During 2018, the Group entered into an initial agreement with a related party to acquire a property located in the UAE for a total purchase consideration of AED400 million. The purchase price is to be settled partly in kind by transferring certain properties and balance in cash. However, this agreement has been amended subsequently and the purchase consideration has been revised to AED395 million without any in-kind settlement. The Group is currently in the process of completing the regulatory formalities to register the properties in its name and arrange financing for the purchase. The amount of KD17,396,436 (31 December 2020: KD16,029,281 and 30 September 2020: KD15,963,636) paid up to the reporting date, including KD1,367,155 paid during the period, has been accounted for as an advance payment.

Notes to the interim condensed consolidated financial information (continued)

12 Advance payments for purchase of investments (continued)

12.2 During 2019, the Group entered into an initial agreement with a third party to acquire three local properties for a total consideration of KD4,170,000. As per the agreement, the Group paid an advance payment of KD10,000 at the date of signing the agreement, and the remaining balance of KD4,160,000 was to be paid subsequent to the date of signing the agreement. However, the initial agreement was amended and the number of the properties to be acquired was changed to two properties and the total consideration was revised to KD2,500,000 without any other significant amendment to the remaining terms and conditions. During the period, the remaining amount of the purchase consideration of KD2,490,000 was paid in full and the title deed of the properties were transferred to the Group and classified as investment properties (note 9).

13 Financial assets at fair value through profit or loss

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Local quoted securities	120,392	73,139	91,189
Local unquoted securities	342,220	342,184	340,430
Foreign quoted securities	2,220	1,853	1,131
Foreign unquoted securities	7,283,788	5,958,796	6,621,979
Managed funds	119,352	119,352	58,900
	7,867,972	6,495,324	7,113,629

The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in note 23.1.

14 Cash and cash equivalents

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Cash and bank balances	17,715,398	1,516,963	953,324
Cash in investment portfolios managed by others	57,009	116,058	133,868
Term deposits	1,451,702	1,451,702	1,451,702
Cash and cash equivalents	19,224,109	3,084,723	2,538,894
Less:			
Due to bank	(4,372,734)	(4,448,934)	(4,182,538)
Restricted bank balances (14.1)	(52,184)	(52,531)	(294,381)
Term deposits with maturity exceeding three months	(1,451,702)	(1,451,702)	(1,451,702)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	13,347,489	(2,868,444)	(3,389,727)

14.1 Restricted bank balances represent balances deposited in a bank located in Lebanon denominated in US Dollar and restricted to cover any unpaid principal and interest relating to the term loans granted to the subsidiary in Lebanon (note 18). However, due to the current political and economic events, the Central Bank of Lebanon imposed a series of measures including restrictions on withdrawals and limitation of transfers of money abroad. Consequently, the Group lacks access to these bank balances on time and in full.

Notes to the interim condensed consolidated financial information (continued)

15 Share capital

At 30 September 2021, the authorized, issued and fully paid up share capital of the Parent Company comprised of 947,365,059 shares of 100 fils each (947,365,059 shares as at 31 December 2020 and 30 September 2020). All shares are cash shares.

16 Treasury shares

	30 Sept. 2021 (Unaudited)	31 Dec. 2020 (Audited)	30 Sept. 2020 (Unaudited)
Number of treasury shares	28,103,561	71,847,890	64,832,783
Percentage of ownership	2.97%	7.58%	6.84%
Market value (KD)	4,243,638	7,615,876	6,003,516
Cost (KD)	3,970,981	6,644,417	5,217,620

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

17 Other components of equity

	Statutory reserve KD	Voluntary reserve KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Total KD
Balances at 1 January 2021	16,903,225	4,747,070	3,905,541	(210,246)	(19,064,164)	6,281,426
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(9,812,025)	(9,812,025)
<i>Other comprehensive income:</i>						
Net change in fair value of financial assets at FVTOCI	-	-	-	-	7,683,381	7,683,381
Foreign currency translation differences	-	-	-	(303,033)	-	(303,033)
Bonus shares distribution (note 22)	-	-	1,391,024	-	-	1,391,024
Sale of treasury shares	-	-	1,429,175	-	-	1,429,175
Balances at 30 September 2021 (Unaudited)	16,903,225	4,747,070	6,725,740	(513,279)	(21,192,808)	6,669,948
Balances at 1 January 2020	16,527,026	4,370,871	3,110,821	232,073	(8,681,785)	15,559,006
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(241,699)	(241,699)
<i>Other comprehensive income:</i>						
Net change in fair value of financial assets at FVTOCI	-	-	-	-	(1,972,443)	(1,972,443)
Foreign currency translation differences	-	-	-	(344,704)	-	(344,704)
Bonus shares distribution (note 22)	-	-	131,485	-	-	131,485
Transfer to consolidated statement of profit or loss on partial disposal of subsidiaries	-	-	-	(152,160)	-	(152,160)
Sale of treasury shares	-	-	30,522	-	-	30,522
Balances at 30 September 2020 (Unaudited)	16,527,026	4,370,871	3,272,828	(264,791)	(10,895,927)	13,010,007

Notes to the interim condensed consolidated financial information (continued)

18 Borrowings

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Murabaha payable (i)	135,827,882	139,155,323	138,325,629
Tawarruq payable (ii)	6,901,741	1,005,075	1,005,076
Term loans (iii)	4,207,807	4,780,161	5,439,885
Total	146,937,430	144,940,559	144,770,590
Borrowings in KD	142,729,623	140,160,398	139,330,705
Borrowings in other currencies	4,207,807	4,780,161	5,439,885
Total	146,937,430	144,940,559	144,770,590

The borrowings are due for repayment as follows:

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Within one year	11,741,866	3,346,231	7,427,829
Over one year	135,195,564	141,594,328	137,342,761
Total	146,937,430	144,940,559	144,770,590

- i) Murabaha payable represents Islamic financing obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 1% - 1.5% (31 December 2020 and 30 September 2020: 1% - 1.25%) over CBK discount rate and repayable in different unequal instalments ending on 1 July 2029.
- ii) Tawarruq payable represents Islamic financing obtained in Kuwaiti Dinar from a local Islamic financial institution which carries an annual profit rate of 1.25% (31 December 2020 and 30 September 2020: 2.5%) over CBK discount rate and repayable in equal semi-annual instalments ending on 9 January 2031
- iii) Term loans represent the following:
 - Outstanding term loan of KD2,386,250 obtained in AED from a foreign bank, carry an annual interest rate of 3.5% (31 December 2020 and 30 September 2020: 3.5%) over EIBOR and repayable in semi-annual various instalments ending on 31 December 2024.
 - Outstanding term loan obtained in USD from a related party equivalent of KD1,821,557 carry an annual interest rate of 6.5% (31 December 2020: 7.5% and 30 September 2020: Nil) and repayable in semi-annual instalments ending on 30 June 2024.

Borrowings are secured by pledge of Group's investment in certain subsidiaries, investment properties and trading properties (notes 5.2 and 9).

Notes to the interim condensed consolidated financial information (continued)

19 Lease liabilities

The Group has leases for the properties under the BOT contracts signed with the Ministry of Finance - State Properties department. Following is the movement for the lease liabilities during the period:

	Period ended 30 Sept. 2021 KD	Year ended 31 Dec. 2020 KD	Period ended 30 Sept. 2020 KD
Balance at the beginning of the period/year	29,954,345	37,254,659	37,674,124
Finance costs charged for the period/year (note 7)	726,185	1,195,220	956,204
Settled during the period/year	(1,995,000)	(5,065,534)	(4,812,000)
Rent concessions	-	(3,430,000)	-
Balance at the end of the period/year	28,685,530	29,954,345	33,818,328

Future minimum lease payments are as follows:

	Minimum lease payments due		Total
	One Year KD	1 - 5 Years KD	KD
30 September 2021:			
Lease payments	14,469,000	16,464,000	30,933,000
Finance charges	(1,494,755)	(752,715)	(2,247,470)
Net present values	12,974,245	15,711,285	28,685,530
31 December 2020:			
Lease payments	8,222,000	24,696,000	32,918,000
Finance charges	(1,188,904)	(1,774,751)	(2,963,655)
Net present values	7,033,096	22,921,249	29,954,345
30 September 2020:			
Lease payments	8,232,000	28,116,000	36,348,000
Finance charges	(965,189)	(1,564,483)	(2,529,672)
Net present values	7,266,811	26,551,517	33,818,328

The Group has written to the Ministry of Finance during the period requesting exemption from a portion of the lease liability and postponement of lease payments due in 2021 for one year to be paid in quarterly payments in 2022 as a result of the circumstances associated with the effects of the Coronavirus pandemic. Up to the date of issue of this interim condensed consolidated financial information, the Ministry of Finance has not responded to the Group's request. As the Group is awaiting the response from the Ministry of Finance, the lease payments aggregating KD2,807,000 due on 1 of January 2021 have not been paid.

20 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, 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)

20 Related party transactions (continued)

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

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Balances included in interim condensed consolidated statement of financial position:			
Due from related parties	10,975,522	8,392,940	12,350,089
Due to related parties	10,414,997	3,486,913	1,646,352
Advance payments for purchase of investments (note 12.1)	17,396,436	16,029,281	15,963,636
Borrowings (note 18)	1,821,557	1,833,660	-

Financial assets at fair value through other comprehensive income amounting to KD1,447,655 (31 December 2020: KD515,583 and 30 September 2020: KD247,054) and financial assets at fair value through profit or loss amounting to KD119,956 (31 December 2020: KD80,244 and 30 September 2020: KD75,596) are managed by a related party.

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2021 KD	30 Sept. 2020 KD	30 Sept. 2021 KD	30 Sept. 2020 KD
Interim condensed consolidated statement of profit or loss:				
Real estate rental income	640,745	316,029	2,009,857	1,541,432
Real estate operating expenses	169,377	98,246	477,407	392,424
Gain on sale of investment properties (note 9.4)	-	-	601,986	-
Gain on sale of financial assets at FVTPL	-	-	-	159,063
Gain on disposal of subsidiaries	-	-	-	271,687
General and administrative expenses	110,992	128,492	332,976	351,226
Finance costs	20,493	-	88,801	-
Key management compensation:				
Salaries and short-term benefits	71,410	71,410	214,230	214,230
Employees' end of service benefit	1,375	1,375	4,125	4,125

21 Segmental analysis

The Group operates in real estate and investment segments. The segmental analysis of the total income and net profit for the business segments are as follows:

	Real estate KD	Investment KD	Not allocated KD	Total KD
Nine months ended 30 September 2021:				
Total income	8,409,239	2,774,595	686,662	11,870,496
Profit/(loss) for the period	4,418,908	2,774,595	(788,313)	6,405,190
As of 30 September 2021:				
Total assets	235,928,996	70,462,159	36,884,405	343,275,560
Total liabilities	180,477,389	14,381,329	13,783,331	208,642,049
Net assets	55,451,607	56,080,830	23,101,074	134,633,511

Notes to the interim condensed consolidated financial information (continued)

21 Segmental analysis (continued)

	Real estate KD	Investment KD	Not allocated KD	Total KD
Nine months ended 30 September 2020:				
Total income	8,665,794	449,236	329,611	9,444,641
Profit/(loss) for the period	4,047,593	449,236	(1,474,429)	3,022,400
As of 30 September 2020:				
Total assets	240,704,745	67,713,658	19,635,623	328,054,026
Total liabilities	180,381,081	15,759,739	2,612,262	198,753,082
Net assets	60,323,664	51,953,919	17,023,361	129,300,944

22 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 18 May 2021 approved the consolidated financial statements for the year ended 31 December 2020 and the board of directors' proposal to distribute 5% bonus shares for the shareholders of the Parent Company by distributing 5 treasury shares for each 100 shares held without an increase in share capital.

23 Fair value measurement

23.1 Fair value hierarchy

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.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Financial assets:			
At amortised cost:			
Due from related parties	10,975,522	8,392,940	12,350,089
Accounts receivable and other assets	6,465,924	4,492,874	6,589,844
Cash and cash equivalents	19,224,109	3,084,723	2,538,894
At fair value:			
Financial assets at FVTPL	7,867,972	6,495,324	7,113,629
Financial assets at FVTOCI	37,276,582	33,890,990	36,155,312
	81,810,109	56,356,851	64,747,768

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.1 Fair value hierarchy

	30 Sept 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Financial liabilities:			
At amortised cost			
Borrowings	146,937,430	144,940,559	144,770,590
Lease liabilities	28,685,530	29,954,345	33,818,328
Provision for employees' end of service benefits	1,042,040	984,372	965,911
Due to related parties	10,414,997	3,486,913	1,646,352
Accounts payable and other liabilities	17,189,318	13,480,063	13,369,363
Due to bank	4,372,734	4,448,934	4,182,538
	208,642,049	197,295,186	198,753,082

Management considers that the carrying amounts of financial assets and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 September 2021 (Unaudited)				
Financial assets				
Financial assets at fair value through profit or loss:				
Local quoted securities	120,392	-	-	120,392
Local unquoted securities	-	-	342,220	342,220
Foreign quoted securities	2,220	-	-	2,220
Foreign unquoted securities	-	-	7,283,788	7,283,788
Managed funds	-	119,352	-	119,352
Financial assets at fair value through other comprehensive income:				
Local quoted securities	10,640,655	-	-	10,640,655
Local unquoted securities	-	-	5,023,393	5,023,393
Foreign unquoted securities	-	-	11,054,506	11,054,506
Debt instruments	-	-	6,949,220	6,949,220
Managed fund	-	3,608,808	-	3,608,808
	10,763,267	3,728,160	30,653,127	45,144,554

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.1 Fair value hierarchy (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2020 (Audited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	73,139	-	-	73,139
Local unquoted securities	-	-	342,184	342,184
Foreign quoted securities	1,853	-	-	1,853
Foreign unquoted securities	-	-	5,958,796	5,958,796
Managed funds	-	119,352	-	119,352
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	5,900,864	-	-	5,900,864
Local unquoted securities	-	-	11,194,975	11,194,975
Foreign unquoted securities	-	-	9,950,421	9,950,421
Debt instruments	-	-	6,844,730	6,844,730
	5,975,856	119,352	34,291,106	40,386,314
30 September 2020 (Unaudited)				
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	91,189	-	-	91,189
Local unquoted securities	-	-	340,430	340,430
Foreign quoted securities	1,131	-	-	1,131
Foreign unquoted securities	-	-	6,621,979	6,621,979
Managed funds	-	58,900	-	58,900
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	5,629,113	-	-	5,629,113
Local unquoted securities	-	-	10,296,729	10,296,729
Foreign unquoted securities	-	-	13,233,383	13,233,383
Debt instruments	-	-	6,996,087	6,996,087
	5,721,433	58,900	37,488,608	43,268,941

There have been no transfers between levels during the reporting period.

Level 3 fair value measurements

The Group's measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

Notes to the interim condensed consolidated financial information (continued)

23 Fair value measurement (continued)

23.1 Fair value hierarchy (continued)

Level 3 fair value measurements (continued)

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Opening balance	34,291,106	46,028,632	46,028,632
Additions	2,174,330	1,650,523	659,674
Disposals / transfer	(6,271,306)	(3,086,033)	(2,817,084)
Net reclassifications	-	1,602,638	(3,647,710)
Related to disposal of subsidiaries	-	(2,734,904)	(2,734,904)
Change in fair value	458,997	(9,169,750)	-
Closing balance	30,653,127	34,291,106	37,488,608

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

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

24 Contingent liabilities and commitments

Contingent liabilities and capital commitments at the interim condensed consolidated financial position date are as follows:

	30 Sept. 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 Sept. 2020 (Unaudited) KD
Issued letters of guarantee	10,773,828	10,773,828	10,773,828
Capital commitments	13,419,278	13,949,364	19,536,244
	24,193,106	24,723,192	30,310,072

Capital commitments represent development costs for properties under development.

25 Operating leases

Operating leases, in which the Group is the lessor, relate to investment properties owned or leased by the Group as well as held under head-lease arrangements. The terms of operating leases range between 1-5 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of lease term.

Notes to the interim condensed consolidated financial information (continued)

26 Covid19 pandemic impact

The outbreak of Coronavirus (“COVID19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. global and local markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

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 assessment did not result into any significant impact on this interim condensed consolidated financial information.

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, its supply-chain, industry reports and cash flows to minimise any negative impact on the Group.

27 Listing on Dubai Financial Market

On 18 May 2021, the Annual General Assembly of the shareholders of the Parent Company approved the Board of Directors proposal of listing the Parent Company’s shares on Dubai Financial Market (“DFM”).

On 11 July 2021, the Capital Markets Authority approved the Parent Company’s request for listing of its shares on DFM.

Currently, the Parent Company is in the process of completing the necessary regulatory approvals and procedures for the listing of the shares in Dubai, UAE.