

**AL MADAR FINANCE AND INVESTMENT
COMPANY K.S.C.P. AND SUBSIDIARIES**

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

30 SEPTEMBER 2021



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MADAR FINANCE AND INVESTMENT COMPANY K.S.C.P.

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Madar Finance and Investment Company K.S.C.P. (the “Parent Company”) and subsidiaries (collectively, the “Group”) as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and 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 this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. 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 basis of preparation as set out in Note 2.

Other Matter

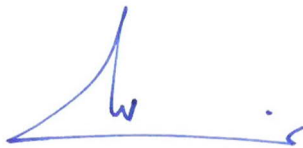
The consolidated financial statements of the Group for the year ended 31 December 2020 and the interim condensed consolidated interim financial information for the nine months period ended 30 September 2020, were audited and reviewed, respectively by another auditor who expressed an unmodified opinion and conclusion on those statements on 22 February 2021 and 8 November 2020, respectively.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MADAR FINANCE AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Matters

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, nor of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, 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 material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or 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.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

14 November 2021
Kuwait

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
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>	
		2021	2020	2021	2020
		KD	KD	KD	KD
INCOME					
Real estate income	3	38,525	82,999	149,014	247,671
Net (loss) gain from investment securities	4	(17,232)	94,089	(872)	233,935
Share of results of an associate	6	-	22,619	-	42,565
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate	6	-	-	(199,223)	-
Advisory and management fees		246	(2,882)	1,215	913
Reversal of (allowance for) expected credit losses		18,543	-	38,593	(72,750)
Other income		-	7,871	-	18,865
		40,082	204,696	(11,273)	471,199
EXPENSES					
Administrative expenses		(149,465)	(199,151)	(516,615)	(663,555)
(LOSS) PROFIT FOR THE PERIOD		(109,383)	5,545	(527,888)	(192,356)
Attributable to:					
Equity holders of the Parent Company		(107,700)	(4,886)	(528,398)	(215,385)
Non-controlling interests		(1,683)	10,431	510	23,029
(LOSS) PROFIT FOR THE PERIOD		(109,383)	5,545	(527,888)	(192,356)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	5	(0.52) Fils	(0.02) Fils	(2.55) Fils	(1.04) Fils

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 KD	2020 KD	2021 KD	2020 KD
(LOSS) PROFIT FOR THE PERIOD		(109,383)	5,545	(527,888)	(192,356)
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		-	7,458	(1,200)	(7,802)
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate	6	-	-	199,223	-
		-	7,458	198,023	(7,802)
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>					
Net loss on equity instruments at fair value through other comprehensive income		-	(22)	-	(261)
		-	(22)	-	(261)
Other comprehensive income (loss) for the period		-	7,436	198,023	(8,063)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(109,383)	12,981	(329,865)	(200,419)
Attributable to:					
Equity holders of the Parent Company		(107,700)	2,550	(330,375)	(223,448)
Non-controlling interests		(1,683)	10,431	510	23,029
		(109,383)	12,981	(329,865)	(200,419)

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)

As at 30 September 2021

	<i>Notes</i>	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KE</i>	<i>30 September</i> <i>2020</i> <i>KE</i>
ASSETS				
Bank balances and cash		192,501	639,580	1,357,912
Financial assets at fair value through profit or loss		454,882	1,209,091	1,581,287
Other current assets	8	8,593,859	8,606,403	4,791,369
Financial assets at fair value through other comprehensive income		-	36,194	38,246
Investment in an associate	6	-	460,377	446,960
Investment properties	7	17,259,452	15,792,444	21,586,259
Furniture and equipment		4,471	25,911	26,442
TOTAL ASSETS		26,505,165	26,770,000	29,828,475
EQUITY AND LIABILITIES				
Equity				
Share capital		21,386,865	21,386,865	21,386,865
Statutory reserve		134,383	134,383	127,140
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	9	(4,573,296)	(4,573,296)	(4,573,296)
Other reserve		(122,147)	(122,147)	(122,147)
Foreign currency translation reserve		125,993	(72,030)	(68,888)
Fair value reserve		-	-	510
(Accumulated losses) retained earnings		(463,498)	46,303	(170,123)
Equity attributable to equity holders of the Parent Company		21,478,596	21,790,374	21,570,357
Non-controlling interests		1,827,165	1,845,252	1,804,090
Total equity		23,305,761	23,635,626	23,374,447
Liabilities				
Other liabilities		2,843,485	2,742,518	6,072,385
Employees' end of service benefits		355,919	391,856	381,643
Total liabilities		3,199,404	3,134,374	6,454,028
TOTAL EQUITY AND LIABILITIES		26,505,165	26,770,000	29,828,475


Hamad Saleh Al-Thekair
Vice Chairman

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	<i>Attributable to equity holders of the Parent Company</i>										
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Share premium KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2021 (audited)	21,386,865	134,383	4,990,296	(4,573,296)	(122,147)	(72,030)	-	46,303	21,790,374	1,845,252	23,635,626
(Loss) profit for the period	-	-	-	-	-	-	-	(528,398)	(528,398)	510	(527,888)
Other comprehensive income for the period	-	-	-	-	-	198,023	-	-	198,023	-	198,023
Total comprehensive income (loss) for the period	-	-	-	-	-	198,023	-	(528,398)	(330,375)	510	(329,865)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	18,597	18,597	(18,597)	-
At 30 September 2021	21,386,865	134,383	4,990,296	(4,573,296)	(122,147)	125,993	-	(463,498)	21,478,596	1,827,165	23,305,761
As at 1 January 2020 (audited)	21,386,865	127,140	4,990,296	(4,573,296)	(122,147)	(61,086)	(4,600)	1,085,751	22,828,923	1,867,894	24,696,817
(Loss) profit for the period	-	-	-	-	-	-	-	(215,385)	(215,385)	23,029	(192,356)
Other comprehensive loss for the period	-	-	-	-	-	(7,802)	(261)	-	(8,063)	-	(8,063)
Total comprehensive (loss) income for the period	-	-	-	-	-	(7,802)	(261)	(215,385)	(223,448)	23,029	(200,419)
Dividend	-	-	-	-	-	-	-	(1,035,118)	(1,035,118)	-	(1,035,118)
Transfer of fair value reserve of equity instruments designated at FVOCI on derecognition	-	-	-	-	-	-	5,371	(5,371)	-	-	-
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(86,833)	(86,833)
At 30 September 2020	21,386,865	127,140	4,990,296	(4,573,296)	(122,147)	(68,888)	510	(170,123)	21,570,357	1,804,090	23,374,447

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2021

	Notes	Nine months ended 30 September	
		2021 KD	2020 KD
OPERATING ACTIVITIES			
Loss for the period		(527,888)	(192,356)
<i>Adjustments to reconcile loss for the period to net cash flows:</i>			
Depreciation of furniture and equipment		2,098	1,669
Unrealised (gain) loss on financial assets at FVPL	4	(51,090)	182,716
Realised loss (gain) on sale of financial assets at FVPL	4	56,962	(213,158)
Dividend income	4	(5,000)	-
Share of results of an associate	6	-	(42,565)
Foreign currency translation loss recycled to profit or loss upon derecognition of an associate	6	199,223	-
(Reversal of) provision for allowance for expected credit losses		(38,593)	72,750
Provision for employees' end of service benefits		28,160	20,302
		(336,128)	(170,642)
Changes in operating assets and liabilities:			
Financial assets at FVPL		748,337	(568,395)
Other assets		(315,960)	45,049
Other liabilities		116,967	70,676
Cash flow from (used in) operations		213,216	(623,312)
Employees' end of service benefits paid		(64,097)	(5,878)
Net cash flows from (used in) operating activities		149,119	(629,190)
INVESTING ACTIVITIES			
Dividend income received		5,000	22,172
Proceeds from sale of a subsidiary		-	7,000,000
Proceeds from sale of investment in an associate	6	436,816	-
Purchase of investment properties		(1,073,887)	(8,291,900)
Proceeds from sale of investment properties		-	40,000
Proceeds from sale of FVOCI		20,194	-
Net cash flow used in investing activities		(611,877)	(1,229,728)
FINANCING ACTIVITIES			
Dividends paid		-	(1,035,118)
Net movement in non-controlling interests		-	(86,833)
Net cash flows used in financing activities		-	(1,121,951)
NET DECREASE IN BANK BALANCES AND CASH		(462,758)	(2,980,869)
Net foreign exchange differences		15,679	-
Bank balances and cash as at 1 January		639,580	4,338,781
BANK BALANCES AND CASH AS AT 30 SEPTEMBER		192,501	1,357,912
Non-cash items excluded from the statement of cash flows:			
Investment properties		(410,000)	-
Other assets		239,853	-

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Madar Finance and Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2021 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 14 November 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved in the annual general assembly meeting (AGM) of the shareholders held on 12 April 2021. No dividends have been declared by the Parent Company.

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA") as a finance and investment company, respectively.

The Parent Company's head office is located at Al Salam Tower, Fahad Al Salem Street, Al Salhia and its registered postal address is P.O. Box 1376, Safat 13014, State of Kuwait.

All activities are conducted in accordance with Islamic Shari'a principles, as approved by the Parent Company's Fatwa and Shari'a Supervisory Board.

The Parent Company is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the "Ultimate Parent Company").

1.2 GROUP INFORMATION

Subsidiaries

The consolidated financial statements of the Group include:

Name of subsidiary	Principal activities	Country of incorporation	% equity interest		
			30 September 2021	31 December 2020	30 September 2020
Dar Al-Thuraya Real Estate Company K.S.C.P. ("Dar Al-Thuraya")	Real estate	Kuwait	88.91%	88.91%	88.91%
Al Madar Real Estate Development Company K.S.C. (Closed) ("Al Madar Real Estate")	Real estate	Kuwait	100%	100%	100%
Al Thuraya for Warehousing and Refrigeration Company K.S.C. (Closed)*	Leasing activities	Kuwait	99%	99%	99%
<i>Indirectly held through Dar Al-Thuraya</i>					
Al Thuraya Star Company W.L.L.	General trading and contracting	Kuwait	100%	100%	100%
Kuwait Building Real Estate Company K.S.C. (Closed)*	Real estate	Kuwait	99%	99%	99%
Golden Madar Real Estate Company W.L.L.	Real estate	Kuwait	100%	100%	100%
<i>Indirectly held through Al Madar Real Estate</i>					
Al Murooj Al Khaleejyah for Trading L.L.C.	Construction	Oman	75%	75%	75%

* The remaining shares in this subsidiary is held by other parties on behalf of the Group. Therefore, the effective ownership of the Group in this subsidiary is 100%.

Associate

The Group has a Nil% interest in Egyptian Saudi Company for Medical Equipment MASCOMED S.A.E (31 December 2020 and 30 September 2020: 41.95%) (Note 6).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" ("IAS 34"), except as noted below.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require expected credit loss ("ECL") to be measured at higher of the ECL on credit facilities computed under IFRS 9: Financial Instruments ("IFRS 9") according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with the IFRS and regulations of the State of Kuwait for financial services institutions regulated by the CBK, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted, and methods of computation used in 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 and interpretations apply for the first time in 2021, but do not have an 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.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

3 REAL ESTATE INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2021	2020	2021	2020
	KD	KD	KD	KD
Rental income from investment properties	74,688	116,900	266,753	315,955
Real estate related expenses	(36,163)	(33,901)	(117,739)	(68,284)
	38,525	82,999	149,014	247,671

4 NET INCOME FROM INVESTMENT SECURITIES

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2021	2021	2021	2021
	KD	KD	KD	KD
Unrealised (loss) gain on financial assets at FVPL	(20,333)	81,962	51,090	(182,716)
Realised (loss) gain on sale of financial assets at FVPL	3,101	(9,311)	(56,962)	213,158
Dividend income	-	21,438	5,000	203,493
	(17,232)	94,089	(872)	233,935

5 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the loss for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2021	2020	2021	2020
Loss for the period attributable to equity holders of the Parent Company (KD)	(107,700)	(4,886)	(528,398)	(215,385)
Weighted average number of ordinary shares outstanding during the period (shares)*	207,023,554	207,023,554	207,023,554	207,023,554
Basic and diluted EPS (Fils)	(0.52)	(0.02)	(2.55)	(1.04)

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

6 INVESTMENT IN AN ASSOCIATE

In 2020, the Group had 41.95% interest in Egyptian Saudi Company for Medical Equipment S.A.E (“MASCOMED”), an associate involved in the manufacture and trade of medical devices and healthcare products in the Arab Republic of Egypt. The Group’s interest in the associate is accounted for using the equity method. The associate is a private entity that is not listed on any stock exchange; therefore, no quoted market prices are available for its shares.

During the current interim period, the Group sold its entire equity stake in MASCOMED with a total net carrying amount of KD 460,377 for a cash consideration of KD 460,377. No gains or losses were recognised from this transaction other than the foreign currency translation loss of KD 199,223 recycled to profit or loss on disposal. The net consideration received during the interim period amounted to KD 436,816 and the remaining balance of KD 23,561 is included within “other assets” (Note 8).

Reconciliation to carrying amounts:

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
As at 1 January	460,377	434,369	434,369
Share of results	-	59,233	42,565
Dividends received	-	(22,172)	(22,172)
Foreign exchange adjustments	-	(11,053)	(7,802)
Disposal	(460,377)	-	-
Group’s carrying amount of the investment	-	460,377	446,960

7 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
As at 1 January	15,792,444	10,044,359	10,044,359
Additions*	1,059,999	11,585,713	11,541,900
Capital expenditure on owned property**	423,888	212,665	-
Disposals	-	(6,496,648)	-
Valuation gains from investment properties***	-	442,335	-
Foreign exchange adjustments	(16,879)	4,020	-
At the end of the period/ year	17,259,452	15,792,444	21,586,259

* Additions during the current interim period amounting to KD 1,059,999 represent the purchase of an income generating developed property in the State of Kuwait. The property is registered in the name of a third party who has confirmed in writing through an irrevocable power of attorney that the risks and rewards associated with the property lies with the Group. The remaining amount of KD 423,888 represent capitalisation of assets on developing properties.

** During the nine months ended 30 September 2021, the Group has incurred capital expenditure in respect of certain properties under development amounting to KD 423,888 (31 December 2020: KD 212,665, 30 September 2020: Nil)

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

7 INVESTMENT PROPERTIES (continued)

*** The valuations of investment properties were performed at 31 December 2020 by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. The fair value was determined to be the lower of the two values using a mix of income capitalisation method and the market comparison approach considering the nature and usage of each property. Valuation of the Group's investment property portfolio is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the interim reporting period, which may have an impact on fair value.

The Group's investment properties portfolio consists of the following:

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Properties under development	12,621,489	12,214,479	11,628,755
Developed properties	4,637,963	3,577,965	9,957,504
	<u>17,259,452</u>	<u>15,792,444</u>	<u>21,586,259</u>

Certain investment properties of the Group with a carrying value of KD 2,309,746 (31 December 2020: KD 2,326,625 and 30 September 2020: KD 2,325,092) are registered in the name of a certain related party on behalf of the Group, and there are letters of renunciation in favour of the Group confirming that it is the ultimate beneficiary of this property.

Subsequent to the current reporting period, the Group acquired an investment property amounting to KD 1,608,000 located in Kuwait.

The Group classifies its investment properties under Level 2 in the fair value measurement hierarchy (Note 14).

8 OTHER ASSETS

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Trade receivables	33,603	33,603	33,603
Receivables from sale of investment properties	6,381,900	6,440,512	2,625,140
Prepaid expenses	57,035	124,031	60,897
Advances paid to purchase investment properties	1,628,689	1,125,689	905,689
Advances paid to acquire equity shares in a subsidiary	403,223	403,223	403,223
Receivable from sale of an associate (Note 6)	23,561	-	-
Amounts due from a related party	192	192	192
Accrued rent	2,414	-	42,397
Staff receivables	11,920	2,964	5,113
Other receivables	51,322	476,189	715,115
	<u>8,593,859</u>	<u>8,606,403</u>	<u>4,791,369</u>

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

9 TREASURY SHARES

	<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
Number of treasury shares	6,845,096	6,845,096	6,845,096
Percentage of issued share capital	3.2%	3.2%	3.2%
Cost – KD	4,573,296	4,573,296	4,573,296
Market value – KD	711,890	622,903	523,650

Reserves equivalent to the cost of the treasury shares held less treasury shares reserve are not available for distribution during the holding period of such shares as per CMA guidelines.

10 COMMITMENTS

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 1,717,082 (31 December 2020: KD 4,250,000 and 30 September 2020: KD 5,082,166) relating to properties under development and properties purchased.

11 FIDUCIARY ASSETS

The Group manages client asset in a fiduciary capacity. The client assets have no recourse to the general assets of the Group and the Group has no recourse to the assets under management. Accordingly, assets under management are not included in the interim condensed consolidated financial information, as they are not assets of the Group. As at 30 September 2021, assets under management amounted to KD 3,394,039 (31 December 2020: KD 4,027,000 and 30 September 2020: KD 3,837,000).

12 RELATED PARTY DISCLOSURES

The Group's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they 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.

The following table provides the total amount of outstanding balances with related parties as at 30 September 2021, 31 December 2020 and 30 September 2020:

	<i>Other related parties KD</i>	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
<i>Interim condensed consolidated statement of financial position</i>				
Other assets	158,563	158,563	316,934	316,934
Other liabilities	327,913	327,913	343,162	341,776

Details of other related disclosures are provided in Note 7.

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

12 RELATED PARTY DISCLOSURES (continued)

	<i>Transaction values for the period ended</i>		<i>Balance outstanding as at (Audited)</i>		
	<i>30 September 2021</i>	<i>30 September 2020</i>	<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	122,347	106,771	70,947	68,693	69,456
Employees end of service benefits	11,246	9,966	78,422	82,641	74,471
	133,593	116,737	149,369	151,334	143,927

The Board of Directors at the meeting held on 22 February 2021 proposed no directors' remuneration for the year ended 31 December 2020. This proposal was approved by the shareholders at the AGM held on 12 April 2021.

13 SEGMENT INFORMATION

For management purposes, the Group is organised into Four major business segments. The principal activities and services under these segments are as follows:

- ▶ **Real estate:** Buying, selling, capital appreciation and investing in real estate
- ▶ **Investment:** investment in subsidiaries, associates and equity securities.
- ▶ **Corporate finance:** providing finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales and other contracts.
- ▶ **Others:** revenues and expenses that are not included under the above sectors

	<i>30 September 2021</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Corporate finance KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets	25,272,455	881,666	33,795	317,249	26,505,165
Liabilities	3,000	170,782	327,913	2,697,709	3,199,404
Net income	149,014	(200,095)	-	39,808	(11,273)
Segment results	149,014	(200,095)	-	(476,807)	(527,888)
Capital expenditure	1,483,887	-	-	-	1,483,887

	<i>30 September 2020</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Corporate finance KD</i>	<i>Other KD</i>	<i>Total KD</i>
Assets	25,159,485	2,469,716	33,795	2,165,479	29,828,475
Liabilities	-	162,450	3,591,776	2,699,802	6,454,028
Net income	247,671	276,500	-	(52,972)	471,199
Segment results	247,671	276,500	-	(716,527)	(192,356)

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

13 SEGMENT INFORMATION (continued)

	31 December 2020 (Audited)				Total KD
	Real estate KD	Investment KD	Corporate finance KD	Other KD	
Assets	23,358,645	2,108,885	33,795	1,268,675	26,770,000
Liabilities	-	-	343,162	2,791,212	3,134,374

14 FAIR VALUE MEASUREMENT

Fair value hierarchy

All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ 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
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using			Total KD
	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD	
30 September 2021				
Financial assets at FVPL	454,882	-	-	454,882
Financial assets at FVOCI	-	-	-	-
Investment properties	-	17,259,452	-	17,259,452
	<u>454,882</u>	<u>17,259,452</u>	<u>-</u>	<u>17,714,334</u>
31 December 2020 (Audited)				
Financial assets at FVPL	1,202,591	-	6,500	1,209,091
Financial assets at FVOCI	-	-	36,194	36,194
Investment properties:	-	15,792,444	-	15,792,444
	<u>1,202,591</u>	<u>15,792,444</u>	<u>42,694</u>	<u>17,037,729</u>

Al Madar Finance and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

14 FAIR VALUE MEASUREMENT (continued)

30 September 2020

Financial assets at FVPL	1,573,785	-	7,502	38,246
Financial assets at FVOCI	2,052	-	36,194	1,581,287
Investment properties	-	21,586,259	-	21,586,259
	<u>1,575,837</u>	<u>21,586,259</u>	<u>43,696</u>	<u>23,205,792</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2021.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>30 September 2021</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2021	6,500	36,194	42,694
Remeasurement recognised in profit or loss	(6,500)	-	(6,500)
Disposals	-	(36,194)	(36,194)
	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2021	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<i>31 December 2020 (Audited)</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2020	17,739	39,086	56,825
Disposals	(11,239)	(2,892)	(14,131)
	<u>6,500</u>	<u>36,194</u>	<u>42,694</u>
As at 31 December 2020	6,500	36,194	42,694
	<u>6,500</u>	<u>36,194</u>	<u>42,694</u>
	<i>30 September 2020</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2020	17,739	39,086	56,825
Disposals	(10,237)	2,892	(13,129)
	<u>7,502</u>	<u>36,194</u>	<u>43,696</u>
As at 30 September 2020	7,502	36,194	43,696
	<u>7,502</u>	<u>36,194</u>	<u>43,696</u>

The valuation techniques and inputs used in this 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

14 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values (continued)

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

15 IMPACT OF COVID-19 OUTBREAK

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. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not yet experienced any further significant adverse effects on its operations during the nine months ended 30 September 2021. 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 financial position and the related impact on a regular basis.