amended 19-08-201

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 June 2014 (Unaudited)

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Contents

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Report on review of interim condensed consolidated financial information

To the board of directors of
Tamdeen Real Estate Company – KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) and its Subsidiaries as of 30 June 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with 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 Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, or of the articles of association of the Company, as amended, have occurred during the six-month period ended 30 June 2014 that might have had a material effect on the business or financial position of the Company.

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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Hend Abdullah Al Surayea
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of MAZARS – Chartered Accountants

Kuwait
14 August 2014

Interim condensed consolidated statement of income

	Notes	Three months ended 30 June 2014 (Unaudited) KD'000	Three months ended 30 June 2013 (Unaudited) KD'000	Six months ended 30 June 2014 (Unaudited) KD'000	Six months ended 30 June 2013 (Unaudited) KD'000
Income					
Operational income		2,272	2,146	4,376	4,325
Operational expenses		(810)	(701)	(1,604)	(1,436)
Net operational income		1,462	1,445	2,772	2,889
Other operational income		238	247	443	480
Fees from management of investment portfolios		24	7	34	29
Net income from investments	4	1,177	752	6,437	5,641
Share of profit in associated companies	7	2,255	390	4,484	2,245
Impairment in value of properties under development	8	-	-	-	(856)
Foreign currency exchange loss		(66)	(14)	(19)	(14)
Other income		36	305	36	365
		5,126	3,132	14,187	10,779
Expenses and other charges					
Staff costs		409	429	985	1,047
General and administrative expenses		554	468	1,294	1,288
Finance costs		1,208	1,157	2,238	2,231
		2,171	2,054	4,517	4,566
Profit for the period before contribution to KFAS, contribution to Zakat and provision for NLST		2,955	1,078	9,670	6,213
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	-	-	-
Contribution to Zakat		(4)	-	(4)	-
Provision for National Labour Support Tax (NLST)		(34)	(27)	(50)	(33)
Profit for the period		2,917	1,051	9,616	6,180
Attributable to :					
Owners of the parent company		2,055	1,016	5,849	3,808
Non-controlling interests		862	35	3,767	2,372
		2,917	1,051	9,616	6,180
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	5	5.3 Fils	2.6 Fils	15.1 Fils	9.8 Fils

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2014 (Unaudited) KD'000	30 June 2013 (Unaudited) KD'000	30 June 2014 (Unaudited) KD'000	30 June 2013 (Unaudited) KD'000
Profit for the period	2,917	1,051	9,616	6,180
Other comprehensive income:				
Items that may be reclassified to interim condensed consolidated statement of income in subsequent periods:				
Exchange differences arising on translation of foreign operations	26	13	(82)	116
Available for sale investments:				
- Net change in fair value during the period	3,030	8,873	13,819	12,749
- Transferred to interim condensed consolidated statement of income on impairment in value (Note 4)	-	-	1,111	-
- Transferred to interim condensed consolidated statement of income on sale	(536)	(134)	(536)	(134)
Total other comprehensive income	2,520	8,752	14,312	12,731
Total comprehensive income for the period	5,437	9,803	23,928	18,911
Attributable to:				
Owners of the parent company	3,032	9,768	12,423	16,539
Non-controlling interests	2,405	35	11,505	2,372
	5,437	9,803	23,928	18,911

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Assets				
Non-current assets				
Available for sale investments	6	137,616	111,657	106,134
Investments in associated companies	7	120,279	93,337	83,517
Investment properties		21,100	21,100	20,880
Properties under development	8	35,793	34,714	34,819
Property, plant and equipment		1,456	1,510	2,054
		316,244	262,318	247,404
Current assets				
Cash and bank balances	13	7,473	3,573	3,326
Short term deposits	13	547	1,413	1,712
Investments at fair value through profit or loss		1,041	904	833
Accounts receivable and other debit balances	9	11,962	11,352	13,312
Investments in lands and real estate held for trading		11,341	11,341	11,341
		32,364	28,583	30,524
Total assets		348,608	290,901	277,928
Equity and liabilities				
Equity				
Share capital		37,312	37,312	37,312
Share premium		11,132	11,132	11,132
Treasury shares		(3,098)	(754)	(713)
Reserve of profit on sale of treasury shares		739	739	739
Legal reserve		8,918	8,918	8,464
Voluntary reserve		10,316	10,316	9,862
Foreign currency translation reserve		163	245	335
Retained earnings		18,937	13,885	14,178
Cumulative changes in fair value		38,680	32,024	27,480
Equity attributable to the owners of the parent company		123,099	113,817	108,789
Non-controlling interests		72,631	56,568	53,655
Total equity		195,730	170,385	162,444
Liabilities				
Non-current liabilities				
Term loans	10	67,500	67,500	67,500
Refundable rental deposits		1,214	1,206	1,171
Provision for end of service indemnity		779	713	687
		69,493	69,419	69,358
Current liabilities				
Bank facilities	11	471	937	4,184
Accounts payable and other credit balances	12	22,664	9,848	9,442
Current portion of term loans	10	60,250	40,312	32,500
		83,385	51,097	46,126
Total liabilities		152,878	120,516	115,484
Total equity and liabilities		348,608	290,901	277,928

Meshaal Jassim Al-Marzouq
Chairman

Ali Yacoub Ghafil Al-Aryan
Vice Chairman

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the parent company											
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Retained earnings KD'000	Cumulative changes in fair value KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
Balance as at 1 January 2014	37,312	11,132	(754)	739	8,918	10,316	245	13,885	32,024	113,817	56,568	170,385
Net change in treasury shares	-	-	(2,344)	-	-	-	-	-	-	(2,344)	-	(2,344)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,558	4,558
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,954)	-	(2,954)	-	(2,954)
Transactions with the owners	-	-	(2,344)	-	-	-	-	(2,954)	-	(5,298)	4,558	(740)
Profit resulting from the share capital decrease of an associated company (Note 7a)	-	-	-	-	-	-	-	2,157	-	2,157	-	2,157
Profit for the period	-	-	-	-	-	-	-	5,849	-	5,849	3,767	9,616
Total other comprehensive (loss)/ income	-	-	-	-	-	-	(82)	-	6,656	6,574	7,738	14,312
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(82)	5,849	6,656	12,423	11,505	23,928
Balance as at 30 June 2014	37,312	11,132	(3,098)	739	8,918	10,316	163	18,937	38,680	123,099	72,631	195,730

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company											
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Retained earnings KD'000	Cumulative changes in fair value KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
Balance as at 1 January 2013	37,312	11,132	(650)	739	8,464	9,862	219	13,335	14,865	95,278	42,944	138,222
Net Change in treasury shares	-	-	(63)	-	-	-	-	-	-	(63)	-	(63)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,339	8,339
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,965)	-	(2,965)	-	(2,965)
Transactions with the owners	-	-	(63)	-	-	-	-	(2,965)	-	(3,028)	8,339	5,311
Profit for the period	-	-	-	-	-	-	-	3,808	-	3,808	2,372	6,180
Total other comprehensive income	-	-	-	-	-	-	116	-	12,615	12,731	-	12,731
Total comprehensive income for the period	-	-	-	-	-	-	116	3,808	12,615	16,539	2,372	18,911
Balance as at 30 June 2013	37,312	11,132	(713)	739	8,464	9,862	335	14,178	27,480	108,789	53,655	162,444

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2014 (Unaudited)	Six months ended 30 June 2013 (Unaudited)
		KD'000	KD'000
OPERATING ACTIVITIES			
Profit for the period attributable to the owners of the parent company		5,849	3,808
Adjustments:			
Depreciation		112	111
Provision for end of service indemnity		79	69
Unrealised profit from investments at fair value through profit or loss		(137)	(158)
Net profit from sale of available for sale investments		(659)	(226)
Impairment in value of available for sale investments		1,111	-
Impairment in value of properties under development		-	856
Dividends income		(6,745)	(5,247)
Interest income		(7)	(10)
Share of profit in associated companies		(4,484)	(2,245)
Finance costs		2,238	2,231
		(2,643)	(811)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(268)	217
Accounts payable and other credit balances		(4,621)	(1,872)
Refundable rental deposits		8	33
End of service indemnity paid		(14)	(17)
Net cash used in operating activities		(7,538)	(2,450)
INVESTING ACTIVITIES			
Net purchase of available for sale investments		(144)	(340)
Proceeds from sale of available for sale investments		1,302	666
Investments in associated companies		-	(1,060)
Paid for acquisition of a subsidiary company		(2,125)	-
Properties under development		(1,079)	(307)
Property, plant and equipment		(58)	(469)
Dividends income received		6,407	5,247
Dividends received from associated companies		2,100	2,100
Interest income received		7	10
Net cash from investing activities		6,410	5,847
FINANCING ACTIVITIES			
Cash dividends		(29)	(2,847)
Change in non-controlling interests		2,657	1,039
Change in bank facilities		(466)	(4,462)
Change in term loans		4,688	7,000
Change in foreign currency translation reserve		(82)	116
Net change in treasury shares		(190)	(63)
Finance costs paid		(2,416)	(2,874)
Net cash from/(used in) financing activities		4,162	(2,091)
Net increase in cash and cash equivalents		3,034	1,306
Cash and cash equivalents at beginning of the period	13	4,986	3,732
Cash and cash equivalents at end of the period	13	8,020	5,038

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the parent company

Tamdeen Real Estate Company – KPSC (the parent company) was incorporated in Kuwait on 16 December 1982 in accordance with the Companies Law. The shares of this parent company are listed on the Kuwait Stock Exchange.

The principal activities of the parent company are represented in the real estate investments inside and outside the State of Kuwait, for the purposes of ownership, resale, leasing and renting. The parent company is also engaged in the development of real estate projects and construction contracts of buildings, managing the properties of others, establishing and managing real estate investment funds, real estate studies and consultancy, and investing in companies with activities similar to its own and exploiting the financial surpluses available at the company through its investment in financial portfolios managed by professional companies and authorities.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

The address of the parent company: PO Box 21816 - Safat 13079 - State of Kuwait.

The interim condensed consolidated financial information for the six months period ended 30 June 2014 was authorised for issue by the parent company's board of directors on 14 August 2014.

2 Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2013 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the group.

This 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 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 and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2013.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Operating results for the six months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further details, refer to the group's consolidated financial statements and its disclosures for the year ended 31 December 2013.

Basis of consolidation

The interim condensed consolidated financial information includes the financial information of the parent company and its subsidiaries for the six months period ended 30 June 2014. The details of the consolidated subsidiaries is shown in note 3. All material balances, transactions, realized and unrealized profits between the parent company and its subsidiaries are eliminated upon consolidation.

2.1 Adoption of new IASB Standards and amendments during the period

The group has adopted the following new and amended IFRS during the period:

Standard or Interpretation	*Effective for financial periods beginning*
IAS 32 Financial Instruments: Presentation - Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

2.1.1 IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are required to be applied retrospectively. The adoption of these amendments did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.3 Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.4 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Amendment makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.1 Adoption of new IASB Standards and amendments during the period (continued)

2.1.4 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (continued)

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.5 IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

• the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date.

• the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions but the adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.2 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 time during the period beginning on or after the effective date of the new standard, amendment or interpretation. Management is yet to determine impact of these pronouncements in the interim condensed consolidated financial information. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	No stated effective date
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.1 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. Chapters' dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues.

The group's management have yet to assess the impact of this new standard on the group's financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

2.2.2 IFRS 14 Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

2.2.3 IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 11 Revenues and provides a new control-based revenue recognition model using five-step to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts.
- timing – whether revenue is required to be recognized over time or at a single point in time.
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue.
- time value – when to adjust a contract price for a financing component.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.3 IFRS 15 Revenue from Contracts with Customers (continued)

- specific issues, including –
  - non-cash consideration and asset exchanges
  - contract costs
  - rights of return and other customer options
  - supplier repurchase options
  - warranties
  - principal versus agent
  - licencing
  - breakage
  - non-refundable upfront fees, and
  - consignment and bill-and-hold arrangements.

2.2.4 Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

2.2.5 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances.
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

2.2.6 Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.7 Annual Improvements to IFRSs 2010–2012 Cycle:

- *Amendments to IFRS 3*-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in the consolidated statement of income.
- *Amendments to IFRS 13*- the addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.
- *Amendments to IFRS 8*-Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators). A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.
- *Amendments to IAS 16 and IAS 38*- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.
- *Amendments to IAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

2.2.8 Annual Improvements 2011-2013 Cycle:

- *Amendments to IFRS 1*-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective

- IFRSs that have been issued but are not yet effective, that permits early adoption
The same version of each IFRS must be applied to all periods presented.

- *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

Notes to the interim condensed consolidated financial information (continued)

3 Subsidiary companies

The list of the consolidated subsidiary companies of the group is as follows:

Subsidiary companies	Percentage of ownership in subsidiary companies			Country of incorporation	Principal activity	Date of incorporation	Date of control
	30 June 2014 (Unaudited) %	31 Dec. 2013 (Audited) %	30 June 2013 (Unaudited) %				
Tamdeen Investment Company – KPSC and Subsidiaries (a)	51.37	51.37	51.37	Kuwait	Investment	3 March 1997	11 January 2003
Manshar Real Estate Company - KSC (Closed)	75.685	75.685	75.685	Kuwait	Real estate	17 March 2007	17 March 2007
Tamdeen Housing Company - KSC (Closed)	45.41	45.41	45.41	Kuwait	Real estate	21 July 2008	21 July 2008
Al Adiyat International Real Estate Company - KSC (Closed)	97.75	97.75	97.75	Kuwait	Real estate	25 June 2006	1 April 2012

(a) The shares of Tamdeen Investment Company – KPSC and Subsidiaries which are owned by the parent company, are quoted shares within an investment portfolio totally managed by a specialized investment company.

4 Net income from investments

	Three months ended		Six months ended	
	30 June 2014 (Unaudited) KD'000	30 June 2013 (Unaudited) KD'000	30 June 2014 (Unaudited) KD'000	30 June 2013 (Unaudited) KD'000
Net profit from sale of available for sale investments	659	226	659	226
Unrealised profit from investments at fair value through profit or loss	75	89	137	158
Dividends income	442	434	6,745	5,247
Impairment in value of available for sale investments	-	-	(1,111)	-
Interest income	1	3	7	10
	1,177	752	6,437	5,641

5 Earnings per share attributable to the owners of the parent company

	Three months ended		Six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD'000)	2,055	1,016	5,849	3,808
Weighted average number of outstanding shares (excluding treasury shares) (in thousand)	386,445	389,127	386,445	389,127
Earnings per share attributable to the owners of the parent company	**5.3 Fils**	2.6 Fils	**15.1 Fils**	9.8 Fils

Notes to the interim condensed consolidated financial information (continued)

5 Earnings per share attributable to the owners of the parent company (continued)

For the purpose of calculation of earnings per share attributable to the owners of the parent company, the bonus shares decided by the general assembly meeting of shareholders held on 23 June 2014, were added to the weighted average number of outstanding shares during the current period and previous period.

6 Available for sale investments

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Local managed portfolios	6,012	5,204	4,892
Participations in local companies shares	8,447	7,401	7,616
Participations in capital of companies located outside Kuwait	123,157	99,052	93,626
	137,616	111,657	106,134

Participations in capital of companies located outside Kuwait include the investments of one of the subsidiary companies [Tamdeen Investment Company – KPSC and Subsidiaries] in shares listed on foreign financial markets. These participations include investments with a total fair value of KD68,203 thousand (KD61,883 thousand at 31 December 2013 and KD57,856 thousand at 30 June 2013) mortgaged against term loans (Note 10) and bank facilities (Note 11).

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associated companies

This item comprises the investments of the group in the following associated companies:

Company's name	Place of incorporation	30 June 2014 (Unaudited) Direct & indirect ownership %	30 June 2014 (Unaudited) Value KD'000	31 Dec. 2013 (Audited) Direct & indirect ownership %	31 Dec. 2013 (Audited) Value KD'000	30 June 2013 (Unaudited) Direct & indirect ownership %	30 June 2013 (Unaudited) Value KD'000
Ajmal Holding Company – BSC (a)	Bahrain	29	438	29	11,626	29	11,265
Tamdeen Holding Company – KSC (Holding Closed) (b)	Kuwait	51	25,801	51	22,224	51	20,927
Fucom for Central Markets – KSC (Closed)	Kuwait	25	470	25	354	25	301
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	37,904	30	37,460	30	36,230
Tamdeen Franchises Holding Company – KSC (Holding Closed) (c)	Kuwait	-	-	30	13,682	30	13,059
Tamdeen Resorts Company – WLL (d)	Kuwait	46	6,391	46	6,390	25	133
Al Maysam Combined General Trading Company – WLL	Kuwait	30	1,599	30	1,601	30	1,602
Kuwait National Cinema Company – KPSC (c)	Kuwait	23	47,676	-	-	-	-
			120,279		93,337		83,517

As follows, the group's share in the net assets and profit for the period/year of the associated companies in accordance with the latest financial statements available at the date of the interim condensed consolidated statement of financial position:

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Total assets	178,217	149,446	123,460
Total liabilities	(57,938)	(56,109)	(39,943)
Net assets	120,279	93,337	83,517

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associated companies (continued)

	Six months ended 30 June 2014 (Unaudited) KD'000	Year ended 31 Dec. 2013 (Audited) KD'000	Six months ended 30 June 2013 (Unaudited) KD'000
Profit for the period/year	4,484	4,285	2,245

(a) During the period, the group received shares of a company outside the State of Kuwait of total value equivalent to KD11,231 thousand against the decrease of the share capital of Ajmal Holding Company - BSC, from which a decrease in the value of the investment in this associated company has resulted by the same amount, and also resulted in an effect on the retained earnings by an amount of KD2,157 thousand as a result of the restructuring on the share capital of this associated company.

(b) The parent company's management confirms that the group do not exercise control over the decisions of Tamdeen Holding Company – KSC (Holding Closed) either directly or in participation with the indirect shares. Accordingly, the financial statements of this company were not consolidated, and they were accounted for using the equity method within the associated companies above.

(c) During the current period, one of the group's subsidiary companies (Tamdeen Investment Company – KPSC and Subsidiaries) increased its share in Tamdeen Franchises Holding Company – KSC (Holding Closed), so that the direct participation of this group's subsidiary company in this company became 80%, and accordingly, this investment has been reclassified from investment in an associated company to investment in a subsidiary company starting from the date when the group exercised control over this company in May 2014.

The process of integrating the business of Tamdeen Franchises Holding Company – KSC (Holding Closed) occurred in phases, and the group recognized net profit of amount KD575 thousand which is represented in the group's share in the reserves of the previously held ownership share, and which has been reclassified to the interim condensed consolidated statement of income for the period ended 30 June 2014 within share of profit in associated companies.

The acquisition process has been accounted for based on the specified value of the acquired company's assets and liabilities at the date of acquisition, and the following is an illustration for the fair value of net assets acquired and which is approximately equivalent to its book value based on management's estimation as at the date of acquisition:

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associated companies (continued)

	Amount KD'000
Assets:	
Cash and cash equivalents	2,875
Accounts receivable and other debit balances	5
Available for sale investments	2,026
Investments in associated companies	47,549
Liabilities:	
Term loans and bank facilities	(15,250)
Accounts payable and other credit balances	(118)
Provision for end of service indemnity	(1)
Net assets acquired	37,086
Share of non-controlling interests	(7,293)
Group's share in net assets acquired	29,793
Deduct: Fair value of Tamdeen Investment Company - KPSC and Subsidiaries previously held share in the investment	(7,293)
Acquisition cost	22,500
Deduct: Cash and cash equivalents at acquisition date	(2,875)
Deduct: Due to related parties (Note 12a)	(10,000)
Deduct: Due to the parent company from Tamdeen Investment Company – KPSC and Subsidiaries resulting from acquisition process and which is eliminated upon consolidation	(7,500)
Cash resulting from acquisition of a subsidiary company	2,125

The consolidation of the financial statements of Tamdeen Franchises Holding Company – KSC (Holding Closed) within the consolidated financial statements of Tamdeen Investment Company – KPSC and Subsidiaries has resulted in the appearance of a new associated company and this is Kuwait National Cinema Company – KPSC, where the direct share of Tamdeen Investment Company – KPSC and Subsidiaries in this new associated company reached a percentage of 44%, and therefore the group's indirect share in this company reached 23% at the reporting date.

(d) During the previous year, the share capital of Tamdeen Resorts Company – WLL was increased by an amount of KD9,000 thousand to become KD9,250 thousand, and the parent company and Tamdeen Investment Company – KPSC and Subsidiaries (subsidiary company) subscribed in this increase by a total amount of KD6,250 thousand including an amount of KD3,250 thousand from related parties, and this resulted in the increase of the group's share in this associated company from 25% to 46%.

Notes to the interim condensed consolidated financial information (continued)

8 Properties under development

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Cost			
At beginning of period/year	37,198	36,411	36,411
Additions during period/year (a)	1,079	787	307
At end of period/year	38,277	37,198	36,718
Impairment in value			
At beginning of period/year	2,484	1,043	1,043
Additions during period/year (b)	-	1,441	856
At end of period/year	2,484	2,484	1,899
Net book value			
At end of period/year	35,793	34,714	34,819

(a) The additions to the properties under development are mainly represented in the amounts expensed on the redevelopment of Al-Manshar Commercial and Residential Complex which is totally mortgaged against term loans (Note 10).

(b) During the previous year, the group impaired the total cost of properties under development related to Barwa City project located in the State of Qatar for an amount of KD1,441 thousand and this was according to management estimates about the decline in the project's value.

9 Accounts receivable and other debit balances

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Receivable from tenants	1,542	1,477	1,414
Staff receivable	66	53	47
Prepaid expenses	313	178	321
Due from related parties (a)	2,840	2,893	3,523
Accrued income (b)	338	-	4
Due from sale of investments in lands and real estate held for trading (a)	7,088	7,088	8,357
Other debit balances	837	724	724
	13,024	12,413	14,390
Provision for doubtful debts	(1,062)	(1,061)	(1,078)
	11,962	11,352	13,312

(a) The balances due above (from related parties and from sale of investments in lands and real estate held for trading) are mainly represented by the amounts that resulted from the sale transaction performed previously by the group for some of its real estate plots which have been invested in for trading purpose to related parties for an amount of KD9,103 thousand and other third parties for an amount of KD10,030 thousand. The group's management confirms that these due amounts are totally collectible from the concerned parties.

(b) The balance of accrued income at the end of the current period is represented by the accrued dividends income from investments owned by one of the group's subsidiary companies (Tamdeen Investment Company – KPSC and Subsidiaries).

Notes to the interim condensed consolidated financial information (continued)

10 Term loans

The term loans are due for repayment as follows:

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Within one year	60,250	40,312	32,500
Over one year	67,500	67,500	67,500
	127,750	107,812	100,000

All the term loans are granted to the group by local banks. These loans are denominated in Kuwaiti Dinars with annual interest rate ranging between 1.75% to 2% (1.75% to 2% at 31 December 2013 and 1.75% to 2% at 30 June 2013) over the discount rate announced by the Central Bank of Kuwait. The total amount of the instalments relating to the loans which are due to be repaid within twelve months from the date of the interim condensed consolidated statement of financial position is shown as a current liability.

The loans granted to the subsidiary companies are against the mortgage of investments in shares with a fair value of KD68,203 thousand (KD61,883 thousand at 31 December 2013 and KD57,856 thousand at 30 June 2013) (Note 6), mortgage of investments in associated companies by an amount of KD28,719 thousand (KD Nil at 31 December 2013 and 30 June 2013), and mortgage of investment properties and properties under development (Note 8a).

11 Bank facilities

The bank facilities represent the balances of overdraft facilities which are granted to the group by local banks to finance the working capital and the real estate activities. They are completely repayable on demand with annual floating interest rate which is equal to the current interest rate in the market. The bank facilities are granted to the group against the mortgage of available for sale investments (Note 6).

12 Accounts payable and other credit balances

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Retentions for executed works	187	131	149
Income received in advance	472	711	494
Accrued leave and expenses	2,403	2,516	2,241
Due to related parties (a)	10,108	94	68
Dividends payable to shareholders	3,264	305	458
Other credit balances	6,230	6,091	6,032
	22,664	9,848	9,442

(a) The balance due to related parties is represented by the payments due to related parties from one of the group's subsidiary companies (Tamdeen Investment Company – KPSC and Subsidiaries) and which is represented by the remaining due amount resulting from the purchase of the additional shares in Tamdeen Franchises Holding Company – KSC (Holding Closed) during the current period (Note 7c).

Notes to the interim condensed consolidated financial information (continued)

13 Cash and cash equivalents

Cash and cash equivalents which are shown in the interim condensed consolidated statement of cash flows comprise of the following:

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Cash and bank balances	7,473	3,573	3,326
Short term deposits	547	1,413	1,712
	8,020	4,986	5,038

14 Segmental analysis

The activities of the group are principally carried out within the State of Kuwait. With the exception of participations in capital of companies located outside Kuwait (Note 6), all of the assets and liabilities are located inside Kuwait.

The segmental analysis of gross income, profit for the period or year attributable to the owners of the parent company, total assets, total liabilities, non-controlling interests and net assets employed is as follows:

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 30 June 2014 (Unaudited)			
Gross income	3,216	10,971	14,187
Profit for the period attributable to the owners of the parent company	73	5,776	5,849
Total assets	83,265	265,343	348,608
Total liabilities	(78,460)	(74,418)	(152,878)
Non-controlling interests	-	(72,631)	(72,631)
Net assets employed	4,805	118,294	123,099
Year ended at 31 December 2013 (Audited)			
Gross income	6,615	8,095	14,710
Profit for the year attributable to the owners of the parent company	414	4,010	4,424
Total assets	81,126	209,775	290,901
Total liabilities	(83,662)	(36,854)	(120,516)
Non-controlling interests	-	(56,568)	(56,568)
Net assets employed	(2,536)	116,353	113,817
Period ended at 30 June 2013 (Unaudited)			
Gross income	3,702	7,077	10,779
Profit for the period attributable to the owners of the parent company	294	3,514	3,808
Total assets	82,709	195,219	277,928
Total liabilities	(82,936)	(32,548)	(115,484)
Non-controlling interests	-	(53,655)	(53,655)
Net assets employed	(227)	109,016	108,789

Notes to the interim condensed consolidated financial information (continued)

15 Dividends and proposed remuneration

The general assembly of shareholders held on 23 June 2014 approved the consolidated financial statements for the year ended 31 December 2013 and directors' proposal to distribute cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital and bonus shares dividends of 5% from the paid-up share capital to the shareholders, and to distribute a remuneration to the board of directors of amount KD50 thousand for the year ended 31 December 2013 (the general assembly of shareholders held on 26 May 2013 approved to distribute cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital to the shareholders, and to distribute a remuneration to the board of directors of amount KD70 thousand for the year ended 31 December 2012). Distribution of bonus shares started on 6 August 2014.

16 Related party transactions

Included in the transactions carried out by the group during the period or the year, there are certain transactions with related parties within the normal activities of the group involving shareholders who are represented in the board of directors, in addition to other major shareholders. These transactions were incorporated in the interim condensed consolidated financial information as follows:

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 9a)	2,840	2,893	3,523
Accounts payable and other credit balances (Note 12a)	10,108	94	68
Purchase of additional shares in an associated company (Note 7d)	-	3,250	-
Purchase of additional shares in a subsidiary company (Note 7c)	22,500	-	-

	Six months ended 30 June 2014 (Unaudited) KD'000	Year ended 31 Dec. 2013 (Audited) KD'000	Six months ended 30 June 2013 (Unaudited) KD'000
Interim condensed consolidated statement of income			
Management fees income and consultancies	278	441	190
General and administrative expenses (top management salaries and remunerations)	315	681	283
Operational expenses	389	636	303

	30 June 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 June 2013 (Unaudited) KD'000
Contra accounts - off interim condensed consolidated statement of financial position items			
Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC and Subsidiaries (subsidiary company)	102,669	63,687	64,198

Notes to the interim condensed consolidated financial information (continued)

17 Commitments and contingent liabilities

At the date of the interim condensed consolidated statement of financial position, the group had contingent liabilities against letters of guarantee issued in favour of third parties of amount KD1,021 thousand (KD2,271 thousand at 31 December 2013 and KD2,271 thousand at 30 June 2013).

18 Summary of financial assets and liabilities by category

The group adopted IFRS13 Fair Value Measurement and consequential amendments to IAS 34 effective from 1 January 2013.

18.1 Categories of financial assets and liabilities

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

	30 June 2014 (Unaudited)		31 Dec. 2013 (Audited)		30 June 2013 (Unaudited)	
	Carrying amount KD'000	Fair value KD'000	Carrying amount KD'000	Fair value KD'000	Carrying amount KD'000	Fair value KD'000
Financial assets						
Cash and cash equivalents	8,020	-	4,986	-	5,038	-
Investments at fair value through profit or loss	-	1,041	-	904	-	833
Accounts receivable and other debit balances	11,962	-	11,352	-	13,312	-
Available for sale investments	15,309	122,307	9,799	101,858	10,332	95,802
	35,291	123,348	26,137	102,762	28,682	96,635
Financial liabilities						
Accounts payable and other credit balances	22,664	-	9,848	-	9,442	-
Term loans	127,750	-	107,812	-	100,000	-
Bank facilities	471	-	937	-	4,184	-
	150,885	-	118,597	-	113,626	-

Fair value represents amounts at which an asset could be exchanged or a liability settled on an arm's length basis. In the opinion of the parent company's management, the carrying amounts of financial assets and liabilities as at 30 June 2014, 31 December 2013 and 30 June 2013 approximate their fair values.

18.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets into six levels based on the significance of inputs used in measuring the fair value of the financial assets. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets that are not based on observable market data (unobservable inputs).

The level within which the financial assets are classified is determined based on the lowest level of significant inputs which lead to the fair value measurement.

Notes to the interim condensed consolidated financial information (continued)

18 Summary of financial assets and liabilities by category (continued)

18.2 Fair value hierarchy for financial instruments measured at fair value (continued)

The financial assets measured at fair value in the interim condensed consolidated statement of financial position according to the fair value hierarchy are as follows:

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
30 June 2014 (Unaudited)					
Assets at fair value					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	1,041	-	-	1,041
Available for sale investments:					
- Local managed portfolios	a	387	2,250	-	2,637
- Participations In local companies shares	b	5,625	-	-	5,625
- Participations in capital of companies located outside Kuwait	c	114,045	-	-	114,045
		121,098	2,250	-	123,348
31 December 2013 (Audited)					
Assets at fair value					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	904	-	-	904
Available for sale investments:					
- Local managed portfolios	a	404	2,250	-	2,654
- Participations in local companies shares	b	4,800	-	-	4,800
- Participations in capital of companies located outside Kuwait	c	88,821	-	5,583	94,404
		94,929	2,250	5,583	102,762
30 June 2013 (Unaudited)					
Assets at fair value					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	833	-	-	833
Available for sale investments:					
- Local managed portfolios	a	392	2,250	-	2,642
- Participations in local companies shares	b	4,500	-	-	4,500
- Participations in capital of companies located outside Kuwait	c	83,009	-	5,651	88,660
		88,734	2,250	5,651	96,635

Notes to the interim condensed consolidated financial information (continued)

18 Summary of financial assets and liabilities by category (continued)

18.2 Fair value hierarchy for financial instruments measured at fair value (continued)

Measurement at fair value
The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Local managed portfolios
The underlying investments in local managed portfolios represent quoted bonds and quoted and unquoted securities. They are valued based on latest reports received from the managers of these portfolios.

b) Participations in local companies shares
These represent participations in local companies shares which are measured at fair value. Fair value is estimated based on the average of recent transaction prices for these investments and other valuation techniques including discounted cash flows.

c) Participations in capital of companies located outside Kuwait
These investments represent the group's participations in capital of quoted and unquoted companies in the stock exchange markets outside the State of Kuwait. The quoted investments represent all the quoted shares which are generally exchanged in the stock exchange markets, and its fair value has been determined by reference to the latest bid prices at the reporting date. The fair value of the unquoted investments has been determined by using other valuation methods such as the discounted cash flows.

19 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation of the interim condensed consolidated financial information. This reclassification has no effect on the consolidated financial statements for the previous year and the interim condensed consolidated financial information for the previous period including equity, net profit and cash and cash equivalents.