

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 September 2015 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) (the “Parent Company”) and its Subsidiaries (collectively the “Group”) as of 30 September 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

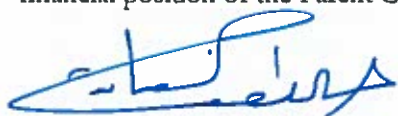
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Conclusion

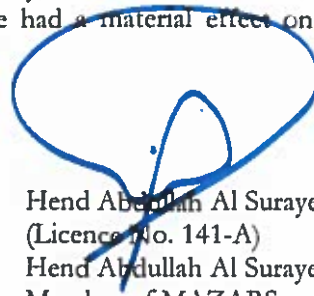
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2015 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners



Hend Abdulla Al Surayea
(Licence No. 141-A)
Hend Abdulla Al Surayea & Co.
Member of MAZARS

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Income					
Operational income		1,974	2,050	6,550	6,426
Operational expenses		(856)	(724)	(2,477)	(2,280)
Net operational income		1,118	1,326	4,073	4,146
Other operational income		341	339	996	782
Fees from management of investment portfolios		28	13	95	47
Net income/(loss) from investments	5	115	(5)	10,872	6,432
Share of results of associates		2,310	1,861	6,735	6,345
Foreign currency exchange (loss)/gain		(4)	(19)	67	(38)
Other income		14	15	50	51
		3,922	3,530	22,888	17,765
Expenses and other charges					
Staff costs		538	382	1,974	1,367
General and administrative expenses		719	649	2,588	1,991
Finance costs		1,318	1,112	4,023	3,350
		2,575	2,143	8,585	6,708
Profit for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST					
		1,347	1,387	14,303	11,057
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	-	-	-
Provision for Zakat		13	4	-	-
Provision for National Labour Support Tax (NLST)		17	(2)	(69)	(52)
Profit for the period		1,377	1,389	14,234	11,005
Attributable to :					
Owners of the Parent Company		1,117	761	9,007	6,610
Non-controlling interests		260	628	5,227	4,395
		1,377	1,389	14,234	11,005
Basic and diluted earnings per share attributable to the owners of the Parent Company					
	6	2.8 Fils	1.9 Fils	22.6 Fils	16.4 Fils

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Profit for the period	1,377	1,389	14,234	11,005
Other comprehensive income:				
<i>Items that may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	(3)	64	99	(18)
Available for sale investments:				
- Net change in fair value during the period	(4,704)	4,951	(8,510)	18,962
- Transferred to interim condensed consolidated statement of profit or loss on sale	2	800	(5,158)	1,911
- Transferred to interim condensed consolidated statement of profit or loss on impairment in value	150	(615)	683	(1,151)
Share of other comprehensive (loss)/income of associates	(480)	778	(1,915)	586
Total other comprehensive (loss)/income	(5,035)	5,978	(14,801)	20,290
Total comprehensive (loss)/income for the period	(3,658)	7,367	(567)	31,295
Attributable to:				
Owners of the Parent Company	(2,231)	3,938	(136)	16,361
Non-controlling interests	(1,427)	3,429	(431)	14,934
	(3,658)	7,367	(567)	31,295

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Assets				
Non-current assets				
Property, plant and equipment		1,362	1,439	1,458
Investments in associates	7	153,603	155,790	144,238
Investment properties		21,250	21,250	21,100
Properties under development	8	48,091	38,941	36,305
Available for sale investments	9	119,840	134,612	141,342
		344,146	352,032	344,443
Current assets				
Accounts receivable and other debit balances	10	16,605	15,210	17,238
Investments at fair value through profit or loss		703	1,081	1,070
Investments in lands and real estate held for trading		11,609	11,609	11,610
Short term deposits	14	727	5,684	5,896
Cash and bank balances	14	10,345	5,555	5,237
		39,989	39,139	41,051
Total assets		384,135	391,171	385,494
Equity and liabilities				
Equity				
Share capital		41,136	39,178	39,178
Share premium		11,132	11,132	11,132
Treasury shares		(3,731)	(3,462)	(3,194)
Reserve of profit on sale of treasury shares		756	739	739
Legal reserve		9,675	9,675	8,918
Voluntary reserve		11,073	11,073	10,316
Foreign currency translation reserve		372	273	227
Cumulative changes in fair value		40,680	49,922	41,793
Retained earnings		20,279	17,108	17,832
Equity attributable to the owners of the Parent Company		131,372	135,638	126,941
Non-controlling interests		73,058	72,901	80,662
Total equity		204,430	208,539	207,603
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		782	851	822
Refundable rental deposits		1,475	1,155	1,223
Term loans	11	157,750	146,750	139,250
		160,007	148,756	141,295
Current liabilities				
Accounts payable and other credit balances	12	10,518	24,206	27,636
Term loans	11	5,000	5,000	5,000
Due to banks	13	4,180	4,670	3,960
		19,698	33,876	36,596
Total liabilities		179,705	182,632	177,891
Total equity and liabilities		384,135	391,171	385,494

Meshaal Jassim Al-Marzouq
Chairman

Ali Yacoub Ghafil Al-Aryan
Vice-Chairman

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the Parent Company											
	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	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
Balance as at 1 January 2015	39,178	11,132	(3,462)	739	9,675	11,073	273	49,922	17,108	135,638	72,901	208,539
Net change in treasury shares	-	-	(269)	17	-	-	-	-	-	(252)	-	(252)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,511)	(1,511)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(151)	(151)
Non-controlling interests arising from the share capital increase of a subsidiary	-	-	-	-	-	-	-	-	(3,878)	(3,878)	2,250	2,250
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(1,958)	-	-	(3,878)
Bonus shares (Note 16)	1,958	-	-	-	-	-	-	-	-	-	-	-
Transactions with the owners	1,958	-	(269)	17	-	-	-	-	(5,836)	(4,130)	588	(3,542)
Profit for the period	-	-	-	-	-	-	-	-	9,007	9,007	5,227	14,234
Other comprehensive income/(loss)	-	-	-	-	-	-	99	(9,242)	-	(9,143)	(5,658)	(14,801)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	99	(9,242)	9,007	(136)	(431)	(567)
Balance as at 30 September 2015	41,136	11,132	(3,731)	756	9,675	11,073	372	40,680	20,279	131,372	73,058	204,430

Interim condensed consolidated statement of changes in equity (Unaudited) (continued)

	Equity attributable to the owners of the Parent Company										Total KD'000	
	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	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub- total KD'000		Non- controlling interests KD'000
Balance as at 1 January 2014 (Audited)	37,312	11,132	(754)	739	8,918	10,316	245	32,024	13,885	113,817	56,568	170,385
Net change in treasury shares	-	-	(2,440)	-	-	-	-	-	-	(2,440)	-	(2,440)
Non-controlling interests arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	12,416	12,416
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,256)	(3,256)
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(2,954)	(2,954)	-	(2,954)
Bonus share dividends (Note 16)	1,866	-	-	-	-	-	-	-	(1,866)	-	-	-
Transactions with the owners	1,866	-	(2,440)	-	-	-	-	-	(4,820)	(5,394)	9,160	3,766
Profit resulting from the share capital decrease of an associate	-	-	-	-	-	-	-	-	2,157	2,157	-	2,157
Profit for the period	-	-	-	-	-	-	-	-	6,610	6,610	4,395	11,005
Total other comprehensive (loss)/income	-	-	-	-	-	-	(18)	9,769	-	9,751	10,539	20,290
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(18)	9,769	6,610	16,361	14,934	31,295
Balance as at 30 September 2014 (Unaudited)	39,178	11,132	(3,194)	739	8,918	10,316	227	41,793	17,832	126,941	80,662	207,603

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2015 (Unaudited) KD'000	Nine months ended 30 Sept. 2014 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		14,234	11,005
Adjustments:			
Depreciation		176	166
Provision for end of service indemnity		177	125
Unrealised loss/(gain) from investments at fair value through profit or loss		54	(166)
Gain on sale of investments at fair value through profit or loss		(4)	-
Net gain on sale of available for sale investments		(4,339)	(1,357)
Impairment in value of available for sale investments		683	1,911
Loss from unconsolidating a previously consolidated subsidiary company		47	-
Dividends income		(7,283)	(6,811)
Interest income		(29)	(9)
Share of results of associates		(6,735)	(6,345)
Finance costs		4,023	3,350
		1,004	1,869
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(1,395)	(5,881)
Accounts payable and other credit balances		(13,688)	(7,461)
Refundable rental deposits		320	17
End of service indemnity paid		(246)	(16)
Net cash used in operating activities		(14,005)	(11,472)
INVESTING ACTIVITIES			
Net purchase of available for sale investments		(1,098)	(144)
Proceeds from sale of available for sale investments		6,665	1,647
Proceeds from sale of investments at fair value through profit or loss		327	-
Return of capital by an associate/(investments in associates)		3,055	(110)
Effect of unconsolidating a previously consolidated subsidiary company		(292)	-
Paid for acquisition of a subsidiary		-	(1,355)
Properties under development		(8,496)	(1,591)
Property, plant and equipment		(99)	(114)
Investments in lands and real estate held for trading		-	(269)
Dividends income received		7,283	6,811
Dividends received from associates		4,048	2,100
Interest income received		29	9
Net cash from investing activities		11,422	6,984
FINANCING ACTIVITIES			
Dividends paid		(3,905)	(2,929)
Change in non-controlling interests		1,192	(6,706)
Change in due to banks		(490)	3,023
Change in term loans		11,000	21,188
Net change in treasury shares		(252)	(191)
Finance costs paid		(5,129)	(3,750)
Net cash from financing activities		2,416	10,635
Net (decrease)/increase in cash and cash equivalents		(167)	6,147
Cash and cash equivalents at beginning of the period		11,239	4,986
Cash and cash equivalents at end of the period	14	11,072	11,133

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the Parent Company

Tamdeen Real Estate Company – KPSC (the Parent Company) was incorporated in Kuwait on 16 December 1982 in accordance with the Companies Law. The 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 address of the Parent Company: PO Box 21816 - Safat 13079 - State of Kuwait.

The interim condensed consolidated financial information for the nine months period ended 30 September 2015 was authorised for issue by the Parent Company's board of directors on 10 November 2015.

The annual consolidated financial statements for the year ended 31 December 2014 were approved by the shareholders at the Annual General Meeting held on 29 April 2015.

2 Basis of presentation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

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 the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation for the interim condensed consolidated financial information 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 as at and for the year ended 31 December 2014.

Operating results for the nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For further details, refer to the Group's consolidated financial statements and its related disclosures for the year ended 31 December 2014.

Notes to the interim condensed consolidated financial information (continued)

3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2014. The Group has not early adopted any other standard, interpretation and amendments that has been issued but is not yet effective.

Although there are certain new standards and amendments which apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

4 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 September 2015 (Unaudited) %	31 Dec 2014 (Audited) %	30 September 2014 (Unaudited) %				
Tamdeen Investment Company – KPSC (effective holding 56.93%) (a)	51.37	51.37	51.37	Kuwait	Investment	3 March 1997	11 January 2003
Manshar Real Estate Company - KSC (Closed) (effective holding 78.47%)	75.69	75.69	75.69	Kuwait	Real estate	17 March 2007	17 March 2007
Tamdeen for Real Estate Development Company - KSC (Closed)	-	-	45.41	Kuwait	Real estate	21 July 2008	21 July 2008
Al Adiyat International Real Estate Company - KSC (Closed)	98.98	97.75	97.75	Kuwait	Real estate	25 June 2006	1 April 2012

- (a) The registered shareholdings of the Parent Company in this subsidiary is 51.37%. However, the effective ownership percentage in this subsidiary (Tamdeen Investment Company – KPSC) for consolidation purposes is 56.93% (31 December 2014: 56.93% and 30 September 2014: 51.37%) after due addition of the Group's share in the treasury shares held by this subsidiary to the registered shareholding of the Parent Company. The total cost of acquisition of its own shares by Tamdeen Investment Company – KPSC which is attributable to the Group amounted to KD3,831 thousand, and the cost of acquisition did not significantly differ from the net carrying value of the NCI. The shares of this investment are quoted shares within an investment portfolio totally managed by a specialised investment company.

Notes to the interim condensed consolidated financial information (continued)

5 Net income/(loss) from investments

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2015 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Net (loss)/gain on sale of available for sale investments	(42)	698	4,339	1,357
Unrealised (loss)/gain from investments at fair value through profit or loss	(27)	29	(54)	166
Impairment in value of available for sale investments	(150)	(800)	(683)	(1,911)
Dividends income	326	66	7,283	6,811
Interest and other income/(loss)	8	2	(13)	9
	115	(5)	10,872	6,432

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

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

	Three months ended		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	1,117	761	9,007	6,610
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	397,601	398,047	397,853	403,154
Basic and diluted earnings per share attributable to the owners of the Parent Company (Fils)	2.8	1.9	22.6	16.4

The weighted average number of shares outstanding during the previous period has been restated to add the bonus shares issued during the current period (Note 16).

The earnings per share reported during the previous period for the three months and nine months ended 30 September 2014, before the bonus shares noted above, was 2 Fils and 17.2 Fils respectively.

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associates

This item comprises the investments of the Group in the following associates:

Company's name	Place of incorporation	30 Sept. 2015 (Unaudited)			31 Dec. 2014 (Audited)			30 Sept. 2014 (Unaudited)		
		Ownership %			Ownership %			Ownership %		
		Direct	Indirect*	Value KD'000	Direct	Indirect*	Value KD'000	Direct	Indirect*	Value KD'000
Ajmal Holding Company – BSC (a)	Bahrain	19	38	671	19	38	682	19	19	456
Tamdeen Holding Company – KSC (Holding) (b)	Kuwait	30	40	26,850	30	40	27,538	30	40	26,454
Fucom for Central Markets – KSC (Closed)	Kuwait	25	-	597	25	-	490	25	-	472
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	-	40,568	30	-	39,479	30	-	38,822
Al Maysam Combined General Trading Company – WLL (a)	Kuwait	20	40	2,248	20	40	2,398	-	-	-
Kuwait National Cinema Company – KPSC	Kuwait	-	47	52,272	-	45	51,600	20	20	1,599
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,531	-	31	27,533	-	45	48,902
Tamdeen for Real Estate Development Company – KSC (Closed) (a)	Kuwait	15	35	2,430	15	35	5,599	-	31	27,533
Gulf and Asia Holding Company – (Holding)	Kuwait	-	20	436	-	20	471	-	-	-
				153,603			155,790			144,238

* Indirect holding through two subsidiaries [Tamdeen Investment Company – KPSC and Manshar Real Estate Company – KSC (Closed)].

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associates (continued)

- (a) The Parent Company's management confirms that the Group do not exercise control over the decisions of Ajmal Holding Company – BSC, Al Maysam Combined General Trading Company – WLL and Tamdeen for Real Estate Development – KSC (Closed) either directly or in participation with the indirect shares. Accordingly, the financial statements of these companies were not consolidated, and they were accounted for using the equity method within the associates above.
- (b) On 4 October 2015, Tamdeen Investment Company – KPSC (Subsidiary) held an Extra-Ordinary General Assembly of the shareholders to approve the merger with Tamdeen Holding Company – KSC (Holding) (an associate) and the shareholders approved to use 30,478,171 shares from the treasury shares owned by Tamdeen Investment Company – KPSC as part of the shares that should be issued to the shareholders of Tamdeen Holding Company – KSC (Holding).

The Group's share of results of associates has been recorded based on the latest unaudited financial information prepared by the managements of these associates for the period ended 30 September 2015.

8 Properties under development

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Cost			
At beginning of period/year	41,302	37,198	37,198
Additions during period/year	9,150	4,227	1,591
Disposals	-	(123)	(123)
At end of period/year	50,452	41,302	38,666
Impairment in value			
At beginning of period/year	2,361	2,484	2,484
Relating to disposals	-	(123)	(123)
At end of period/year	2,361	2,361	2,361
Net book value			
At end of period/year	48,091	38,941	36,305

The additions to the properties under development represent the amounts expensed during the period/year for the redevelopment of Al-Kout Mall project through one of the subsidiaries [Manshar Real Estate Company – KSC (Closed)].

Properties under development with a carrying value of KD47,656 thousand (31 December 2014: KD38,528 thousand and 30 September 2014: KD35,906 thousand) (Al-Kout Mall project) are totally mortgaged against term loans (Note 11).

Due to difficulty of obtaining a reliable fair value of the properties under development, the management decided to maintain the cost method for all properties under development until the implementation stages are completed, unless there are signs of decline in the value of these properties.

Finance costs of KD655 thousand (31 December 2014: KD379 thousand and 30 September 2014: KD145 thousand) have been capitalized during the current period.

Notes to the interim condensed consolidated financial information (continued)

9 Available for sale investments

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Local managed portfolios	4,140	5,208	6,092
Participations in local companies shares	5,783	4,687	8,230
Participations in capital of companies located outside Kuwait	109,917	124,717	127,020
	119,840	134,612	141,342

Participations in capital of companies located outside Kuwait include the investments of the subsidiary company [Tamdeen Investment Company – KPSC], in shares listed outside Kuwait. These participations include investments with a total fair value of KD68,727 thousand (31 December 2014: KD74,095 thousand and 30 September 2014: KD74,691 thousand) mortgaged against term loans (Note 11).

10 Accounts receivable and other debit balances

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Receivable from tenants	349	543	1,442
Staff receivables	94	56	79
Prepaid expenses	408	157	351
Due from related parties (a)	2,807	2,190	2,900
Accrued income	-	-	13
Advance payments to contractors (b)	6,140	5,535	5,723
Due from sale of investments in lands and real estate held for trading (a)	5,884	6,184	7,084
Other debit balances	1,164	803	703
	16,846	15,468	18,295
Provision for doubtful debts	(241)	(258)	(1,057)
	16,605	15,210	17,238

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 due from the sale transaction previously performed 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 advance payments to contractors include an amount of KD4,794 thousand (31 December 2014: KD5,523 thousand and 30 September 2014: KD5,711) which represent the balance out of an amount KD5,711 thousand paid during the previous year to a local contractor as a 10% advance payment from the total signed contract value for Al-Kout Mall project (Fahaheel, Kuwait) which is classified under properties under development. The Group has recovered an amount of KD917 thousand (till 31 December 2014: KD188 thousand and till 30 September 2014: KD Nil) from this advance payment till the end of this period against payments made to the contractor.

Notes to the interim condensed consolidated financial information (continued)

11 Term loans

The settlement due dates of loans have been classified by the Parent Company's management as follows:

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Within one year	5,000	5,000	5,000
Over one year	157,750	146,750	139,250
	162,750	151,750	144,250

The loans which due dates are classified over one year, included loan balances of KD96,750 thousand (31 December 2014: KD 99,750 thousand and 30 September 2014: KD72,250 thousand) which represent revolving loans which can be renewed annually without preconditions at the request of the Parent Company's management, accordingly, it has been classified by the Parent Company's management as non-current loans.

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 0.75% and 1.75% (31 December 2014: ranging between 1.75% and 2% and 30 September 2014: ranging between 1.75% and 2%) over the discount rate announced by the Central Bank of Kuwait. The total amount of the instalments relating to the loans which are 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 KD68,727 thousand (31 December 2014: KD74,095 thousand and 30 September 2014: KD74,691 thousand) (Note 9), mortgage of investments in associates by an amount of KD40,222 thousand (31 December 2014: KD39,708 thousand and 30 September 2014: KD37,842 thousand), and mortgage of investment properties and properties under development (Note 8).

12 Accounts payable and other credit balances

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Retentions for executed works	1,225	514	303
Income received in advance	389	583	349
Accrued leave and expenses	2,426	3,292	2,076
Due to related parties	239	66	5,076
Dividends payable to shareholders	341	330	347
Other creditors	-	13,689	13,689
Other credit balances	5,898	5,732	5,796
	10,518	24,206	27,636

13 Due to banks

Due to banks 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 repayable on demand with annual floating interest rate which is equal to the current interest rate in the market.

Notes to the interim condensed consolidated financial information (continued)

14 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following balances of the interim condensed consolidated statement of financial position:

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Cash and bank balances	10,345	5,555	5,237
Short term deposits	727	5,684	5,896
	11,072	11,239	11,133

15 Segmental analysis

The Group activities are concentrated in two main segments: Real Estate and Investment. The segments' results are reported to the top management in the Group. The activities of the Group are principally carried out within the State of Kuwait; With the exception of participations in capital of companies located outside Kuwait (Note 9), all of the assets and liabilities are located inside Kuwait.

The following is the segments information, which conforms with the internal reporting presented to management:

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 30 September 2015 (Unaudited)			
Gross income	5,085	17,803	22,888
Profit for the period	35	14,199	14,234
Total assets	100,325	283,810	384,135
Total liabilities	(96,512)	(83,193)	(179,705)
Total equity	3,813	200,617	204,430
Period ended at 30 September 2014 (Unaudited)			
Gross income	4,931	12,834	17,765
Profit for the period	333	10,672	11,005
Total assets	87,117	298,377	385,494
Total liabilities	(83,201)	(94,690)	(177,891)
Total equity	3,916	203,687	207,603

16 Appropriations

The general assembly of shareholders held on 29 April 2015 approved the consolidated financial statements for the year ended 31 December 2014 and directors' proposal to distribute cash dividends of 10% or equivalent to 10 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 pay a remuneration to the board of directors of amount KD60 thousand for the year ended 31 December 2014 (the general assembly of shareholders held on 23 June 2014 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 bonus shares dividends of 5% from the paid-up share capital to the shareholders, and to pay a remuneration to the board of directors of amount KD50 thousand for the year ended 31 December 2013).

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

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

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 10)	2,807	2,190	2,900
Accounts payable and other credit balances (Note 12)	239	66	5,076
Purchase of additional shares in an associate (previously)	-	2,722	-
Purchase of additional shares in a subsidiary company	-	15,000	15,000
	Nine months ended 30 Sept. 2015 (Unaudited) KD'000	Year ended 31 Dec. 2014 (Audited) KD'000	Nine months ended 30 Sept. 2014 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Management fees and consultancy income (included in other operational income)	800	643	432
Operational expenses	501	747	387
Benefits of key management personnel of the Group:			
Employee benefits	548	705	361
	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Contra accounts - off interim condensed consolidated statement of financial position items			
Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC (subsidiary company)	234,503	141,122	114,950

18 Capital commitments and contingent liabilities

At the date of the interim condensed consolidated statement of financial position, the Group had contingent liabilities against letters of guarantee issued in favour of third parties of amount KD1,071 thousand (31 December 2014: KD1,096 thousand and 30 September 2014: KD1,021 thousand).

The Group had capital commitments amounting to KD43,147 thousand (31 December 2014: KD49,707 thousand and 30 September 2014: KD51,398) for its project classified under properties under development.

Notes to the interim condensed consolidated financial information (continued)

19 Summary of financial assets and liabilities by category and fair value measurement

19.1 Summary of financial assets and liabilities by Category

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

Financial assets	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Financial assets at amortised cost:			
- Accounts receivable and other debit balances (excluding prepaid expenses)	16,197	15,053	16,887
- Cash and cash equivalents	11,072	11,239	11,133
	27,269	26,292	28,020
Investments at fair value through profit or loss :			
- At fair value	703	1,081	1,070
Available for sale investments :			
-At fair value	113,086	126,698	131,546
-Carried at cost less impairment in value, if any *	6,754	7,914	9,796
	119,840	134,612	141,342
Total financial assets	147,812	161,985	170,432
Financial liabilities			
Financial liabilities at amortised cost:			
- Accounts payable and other credit balances	10,518	24,206	27,636
-Term loans	162,750	151,750	144,250
- Due to banks	4,180	4,670	3,960
- Refundable rental deposits	1,475	1,155	1,223
Total financial liabilities	178,923	181,781	177,069

* It was not possible to reliably measure the fair value of available for sale investments amounting to KD6,754 thousand (31 December 2014: KD7,914 thousand and 30 September 2014: KD9,796 thousand) due to non availability of reliable method that could be used to determine the fair value of such investments, accordingly, these were stated at cost less impairment, if any. Management is not aware of any circumstances that would indicate any impairment/further impairment, in the value of these investments as of the reporting date.

19.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments at fair value through profit or loss and available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in note 19.1 to the interim condensed consolidated financial information) are carried at fair value and measurement details are disclosed in note 19.3 to the interim condensed consolidated financial information. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs are considered a reasonable approximation of their fair values.

Notes to the interim condensed consolidated financial information (continued)

19 Summary of financial assets and liabilities by category and fair value measurement (continued)

19.3 Fair value hierarchy for financial instruments measured at fair value

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

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

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

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

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

30 September 2015 (Unaudited) Financial assets at fair value	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Investments at fair value through profit or loss				
• Quoted shares	703	-	-	703
Available for sale investments				
- Local managed portfolios				
• Quoted shares	5	-	-	5
- Participations in local companies shares				
• Quoted shares	4,134	-	-	4,134
- Participations in capital of companies located outside Kuwait				
• Quoted shares	103,584	-	-	103,584
• Unquoted shares	-	-	5,363	5,363
	108,426	-	5,363	113,789

Notes to the interim condensed consolidated financial information (continued)

19 Summary of financial assets and liabilities by category and fair value measurement (continued)

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

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 December 2014 (Audited)				
Financial assets at fair value				
Investments at fair value through profit or loss				
• Quoted shares	1,081	-	-	1,081
Available for sale investments				
- Local managed portfolios				
• Quoted shares	246	-	-	246
- Participations in local companies shares				
• Quoted shares	4,961	-	-	4,961
- Participations in capital of companies located outside Kuwait				
• Quoted shares	117,365	-	-	117,365
• Unquoted shares	-	-	4,126	4,126
	123,653	-	4,126	127,779
30 September 2014 (Unaudited)				
Financial assets at fair value				
Investments at fair value through profit or loss				
• Quoted shares	1,070	-	-	1,070
Available for sale investments				
- Local managed portfolios				
• Quoted shares	265	-	-	265
• Unquoted shares	-	2,250	-	2,250
- Participations in local companies shares				
• Quoted shares	5,827	-	-	5,827
- Participations in capital of companies located outside Kuwait				
• Quoted shares	118,501	-	-	118,501
• Unquoted shares	-	-	4,703	4,703
	125,663	2,250	4,703	132,616

There were no transfers between the levels during the current period.

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

Notes to the interim condensed consolidated financial information (continued)

19 Summary of financial assets and liabilities by category and fair value measurement (continued)

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

Level 3 fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

	30 Sept. 2015 (Unaudited) KD'000	31 Dec. 2014 (Audited) KD'000	30 Sept. 2014 (Unaudited) KD'000
Balance at the beginning of period/year	4,126	4,703	4,703
Transfer to/(from) level 3	1,387	(160)	-
Impairment in value – recognised in consolidated statement of profit or loss	(150)	(417)	-
Balance at the end of period/year	5,363	4,126	4,703

20 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.

