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Interim Condensed Consolidated Financial Information and Review Report
Tamdeen Real Estate Company – KSC (Closed) and its Subsidiaries
Kuwait

30 September 2013 (Unaudited)

3rd Quarter Report

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Interim Condensed Consolidated Financial Information and Review Report
Tamdeen Real Estate Company – KSC (Closed) and its Subsidiaries
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30 September 2013 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Tamdeen Real Estate Company – KSC (Closed)
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Closed Shareholding Company) and its Subsidiaries as of 30 September 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months 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 and memorandum of association of the Company, as amended, have occurred during the nine months period ended 30 September 2013 that might have had a material effect on the business or financial position of the Company.



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



Fawzia Mubarak Al-Hassawi
(Licence No. 80-A)
of UHY-Fawzia Mubarak Al-Hassawi

Interim condensed consolidated statement of income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Income					
Operational income		1,941	1,816	6,266	6,532
Operational expenses		(739)	(367)	(2,175)	(2,833)
Net operational income		1,202	1,449	4,091	3,699
Other operational income		201	164	681	498
Fees from management of investment portfolios		7	15	36	34
Net income/(loss) from investments	4	23	(37)	5,664	5,752
Share of profit in associated companies	7	1,294	553	3,539	3,141
Impairment in value of properties under development	8	(585)	-	(1,441)	-
Foreign currency exchange (loss)/ gain		(7)	11	(21)	81
Other income		35	5	400	736
		2,170	2,160	12,949	13,941
Expenses and other charges					
Staff costs		342	370	1,389	1,481
General and administrative expenses		468	461	1,756	2,038
Finance costs		1,003	1,256	3,234	4,101
		1,813	2,087	6,379	7,620
Profit for the period before contribution to KFAS, contribution to Zakat and provision for NLST					
		357	73	6,570	6,321
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	-	-	-
Contribution to Zakat		-	-	-	-
Provision for National Labour Support Tax (NLST)		(11)	(20)	(44)	(45)
Profit for the period		346	53	6,526	6,276
Attributable to :					
Owners of the parent company		421	391	4,229	3,950
Non-controlling interests		(75)	(338)	2,297	2,326
		346	53	6,526	6,276
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
	5	1.1 Fils	1.1 Fils	11.4 Fils	10.7 Fils

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Profit for the period	346	53	6,526	6,276
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(71)	27	45	306
Available for sale investments:				
- Net change in fair value during the period	536	(3,347)	13,285	(6,455)
- Transferred to interim condensed consolidated statement of income on impairment in value	-	-	-	203
- Transferred to interim condensed consolidated statement of income on sale	5	-	(129)	(2,072)
Total other comprehensive income/(loss)	470	(3,320)	13,201	(8,018)
Total comprehensive income/(loss) for the period	816	(3,267)	19,727	(1,742)
Attributable to:				
Owners of the parent company	891	(2,929)	17,430	(4,068)
Non-controlling interests	(75)	(338)	2,297	2,326
	816	(3,267)	19,727	(1,742)

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Assets				
Non-current assets				
Available for sale investments	6	106,648	89,246	87,491
Investments in associated companies	7	84,735	77,129	75,603
Investment properties		20,880	20,880	20,880
Properties under development	8	34,471	34,972	34,855
Property, plant and equipment		2,005	2,092	1,755
		248,739	224,319	220,584
Current assets				
Cash and bank balances		4,428	1,979	4,146
Short term deposits		1,714	1,753	3,294
Investments at fair value through profit or loss		851	675	650
Accounts receivable and other debit balances	9	11,482	13,529	18,859
Investments in lands and real estate held for trading		11,341	11,341	15,987
		29,816	29,277	42,936
Total assets		278,555	253,596	263,520
Equity and liabilities				
Equity				
Share capital		37,312	37,312	37,312
Share premium		11,132	11,132	11,132
Treasury shares		(753)	(650)	(645)
Reserve of profit on sale of treasury shares		739	739	739
Legal reserve		8,464	8,464	8,045
Voluntary reserve		9,862	9,862	9,443
Foreign currency translation reserve		264	219	306
Retained earnings		14,599	13,335	14,064
Cumulative changes in fair value		28,021	14,865	12,188
Equity attributable to the owners of the parent company		109,640	95,278	92,584
Non-controlling interests		53,952	42,944	41,398
Total equity		163,592	138,222	133,982
Liabilities				
Non-current liabilities				
Term loans	10	67,500	60,500	60,500
Refundable rental deposits		1,197	1,138	1,143
Provision for end of service indemnity		714	635	629
		69,411	62,273	62,272
Current liabilities				
Bank facilities	11	550	8,646	8,695
Accounts payable and other credit balances	12	9,240	11,955	13,571
Current portion of term loans	10	35,762	32,500	45,000
		45,552	53,101	67,266
Total liabilities		114,963	115,374	129,538
Total equity and liabilities		278,555	253,596	263,520

Meshal Jassim Al-Marzouq
Chairman

Ali Yacoub Ghafil Al-Aryan
Vice-Chairman

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

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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	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
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,711	8,711
Purchase of treasury shares	-	-	(103)	-	-	-	-	-	-	(103)	-	(103)
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,965)	-	(2,965)	-	(2,965)
Transactions with the owners	-	-	(103)	-	-	-	-	(2,965)	-	(3,068)	8,711	5,643
Profit for the period	-	-	-	-	-	-	-	4,229	-	4,229	2,297	6,526
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	45	-	-	45	-	45
Available for sale investments:												
- Net change in fair value during the period	-	-	-	-	-	-	-	-	13,285	13,285	-	13,285
- Transferred to interim condensed consolidated statement of income on sale	-	-	-	-	-	-	-	-	(129)	(129)	-	(129)
Total comprehensive income for the period	-	-	-	-	-	-	45	4,229	13,156	17,430	2,297	19,727
Balance as at 30 September 2013	37,312	11,132	(753)	739	8,464	9,862	264	14,599	28,021	109,640	53,952	163,592

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	Retained earnings KD'000	Cumulative changes in fair value KD'000	Sub- total KD'000		Non- controlling interests KD'000
Balance as at 1 January 2012	37,312	11,132	(645)	739	8,045	9,443	-	13,080	20,512	99,618	46,953	146,571
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7,881)	(7,881)
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,966)	-	(2,966)	-	(2,966)
Transactions with the owners	-	-	-	-	-	-	-	(2,966)	-	(2,966)	(7,881)	(10,847)
Profit for the period	-	-	-	-	-	-	-	3,950	-	3,950	2,326	6,276
Other comprehensive income:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	306	-	-	306	-	306
Available for sale investments:												
- Net change in fair value during the period	-	-	-	-	-	-	-	-	(6,455)	(6,455)	-	(6,455)
- Transferred to interim condensed consolidated statement of income on impairment in value	-	-	-	-	-	-	-	-	203	203	-	203
- Transferred to interim condensed consolidated statement of income on sale	-	-	-	-	-	-	-	-	(2,072)	(2,072)	-	(2,072)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	306	3,950	(8,324)	(4,068)	2,326	(1,742)
Balance as at 30 September 2012	37,312	11,132	(645)	739	8,045	9,443	306	14,064	12,188	92,584	41,398	133,982

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2013 (Unaudited) KD'000	Nine months ended 30 Sept. 2012 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period attributable to the owners of the parent company		4,229	3,950
Adjustments:			
Depreciation		171	235
Provision for end of service indemnity		88	114
Unrealised (profit)/ loss from investments at fair value through profit or loss		(176)	107
Net profit from sale of available for sale investments		(229)	(2,162)
Impairment in value of available for sale investments		-	203
Impairment in value of properties under development		1,441	-
Dividends income		(5,247)	(3,859)
Interest income		(12)	(41)
Share of profit in associated companies		(3,539)	(3,141)
Finance costs		3,234	4,101
		(40)	(493)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		2,047	1,958
Accounts payable and other credit balances		(2,155)	3,466
Refundable rental deposits		59	(1)
End of service indemnity paid		(9)	(44)
Net cash (used in)/from operating activities		(98)	4,886
INVESTING ACTIVITIES			
Net purchase of available for sale investments		(350)	(4,442)
Proceeds from sale of available for sale investments		704	4,378
Investments in associated companies		(1,060)	(3,915)
Properties under development		(940)	(1,564)
Property, plant and equipment		(84)	(8)
Dividends income received		5,247	3,859
Dividends received from associated companies		2,479	-
Interest income received		12	41
Net cash from /(used in) investing activities		6,008	(1,651)
FINANCING ACTIVITIES			
Cash dividends		(2,953)	(3,445)
Change in non-controlling interests		1,131	1,330
Change in bank facilities		(8,096)	6,884
Change in term loans		10,262	(5,000)
Change in foreign currency translation reserve		45	306
Net change in treasury shares		(103)	-
Finance costs paid		(3,786)	(3,924)
Net cash used in financing activities		(3,500)	(3,849)
Net increase/(decrease) in cash and cash equivalents		2,410	(614)
Cash and cash equivalents at beginning of the period		3,732	8,054
Cash and cash equivalents at end of the period	13	6,142	7,440

The notes set out on pages 8 to 21 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 – KSC (Closed) (the parent company) was incorporated in Kuwait on 16 December 1982 in accordance with the Commercial 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 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 nine months period ended 30 September 2013 was authorised for issue by the parent company’s board of directors on 13 November 2013.

2 Basis of preparation

This 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 2012.

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.

Operating results for the nine months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For further details, refer to the group’s consolidated financial statements and its related disclosures for the year ended 31 December 2012.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

2.1 Adoption of new IASB Standards and Amendments issued during the period

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning on</i>
IAS 1 Presentation of Financial Statements – Amendment	1 July 2012
IAS 19 Employee Benefits (revised)	1 January 2013
IAS 27 Consolidated and Separate Financial Statements - Revised as IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates - Revised as IAS 28 Investments – Associates and Joint Ventures	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendment	1 January 2013
Annual Improvements 2009-2011	1 January 2013

2.1.1 IAS 1 Presentation of Financial Statements - Amendment

The amendment to IAS 1 requires entities to group other comprehensive income items presented in the statement of comprehensive income based on those:

- Potentially re-classifiable to statement of income in a subsequent period, and
- That will not be re-classified to statement of income subsequently.

2.1.2 IAS 19 Employee Benefits (revised)

The numerous amendments to IAS 19 have been issued by IASB and range from fundamental changes such as removing the corridor approach and the concept of expected returns on plan assets to simple clarifications and re-wordings.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

2.1.3 IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a result of the consequential amendments, IAS 27 now deals only with separate financial statements.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

2.1.4 IAS 28 Investments in Associates – Revised as IAS 28 Investments - Associates and Joint Ventures

As a result of the consequential amendments, IAS 28 brings investments in joint ventures into its scope. However, the equity accounting methodology under IAS 28 remains unchanged.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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

2.1.5 IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control percentage remain the same.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

2.1.6 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aims to provide transparency about the risks a company is exposed to through its interests in other entities.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

2.1.7 IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

2.1.8 IFRS 7 Financial Instruments: Disclosures – Amendment

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures should be provided retrospectively.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group.

2.1.9 Annual Improvements 2009-2011

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented).
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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

2.1.9 Annual Improvements 2009-2011 (continued)

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not to be presented in the form of a complete set of financial statements for periods beyond the minimum requirements.
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 'Income Taxes' (IAS 12) and IAS 32 'Financial Instruments: Presentation' (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (1) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (2) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The adoption of the above amendments did not have any significant impact on the financial position or performance of the group.

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 have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning on or after the effective date of the new standard, amendment or interpretation. Management is yet to determine impact of these standards, amendments and interpretations on the consolidated financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's consolidated financial statements is provided below.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning on</i>
IAS 32 Financial Instruments: Presentation – Amendments	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.1 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 effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the group's consolidated financial statements from these amendments.

2.2.2 IFRS 9 Financial Instruments: Classification and Measurement

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. IFRS 9 is the first part of Phase 1 of this project where the main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

3 Subsidiary companies

The list of the consolidated subsidiary companies of the parent company is as follows:

Subsidiary companies	Percentage of ownership in subsidiary companies			Country of incorporation	Principal activity	Date of incorporation	Date of control
	30 Sept. 2013 (Unaudited) %	31 Dec. 2012 (Audited) %	30 Sept. 2012 (Unaudited) %				
Tamdeen Investment Company - KSC (Closed)	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 September 2006	1 April 2012

* During the previous year, the parent company purchased the entire share amounting to 97.75% and which is owned by one of the subsidiary companies [Tamdeen Investment Company – KSC (Closed)] in Al Adiyat International Real Estate Company – KSC (Closed). No profit or loss resulted from this transaction and Al Adiyat International Real Estate Company – KSC (Closed) became a direct subsidiary of the parent company with the same share.

Notes to the interim condensed consolidated financial information (continued)

4 Net income/(loss) from investments

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Net profit from sale of available for sale investments	3	-	229	2,162
Unrealised profit/(loss) from investments at fair value through profit or loss	18	(43)	176	(107)
Impairment in value of available for sale investments	-	-	-	(203)
Dividends income	-	-	5,247	3,859
Interest income	2	6	12	41
	23	(37)	5,664	5,752

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

	Three months ended		Nine months ended	
	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2012 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD'000)	421	391	4,229	3,950
Weighted average number of outstanding shares (excluding treasury shares) (in thousand)	370,548	370,712	370,548	370,712
Earnings per share attributable to the owners of the parent company	1.1 Fils	1.1 Fils	11.4 Fils	10.7 Fils

6 Available for sale investments

	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Local managed portfolios and funds	5,012	4,707	4,412
Participations in unquoted local companies shares	7,617	7,656	9,145
Participations in capital of companies located outside Kuwait	94,019	76,883	73,934
	106,648	89,246	87,491

Participations in capital of companies located outside Kuwait include the investments of one of the consolidated subsidiary companies [Tamdeen Investment Company – KSC (Closed)] in shares listed on foreign financial markets. These participations include investments with a total fair value of KD58,307 thousand (KD54,071 thousand at 31 December 2012 and KD61,003 thousand at 30 September 2012) 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 September 2013 (Unaudited)		31 Dec. 2012 (Audited)		30 September 2012 (Unaudited)	
		Direct & indirect ownership %	Value KD'000	Direct & indirect ownership %	Value KD'000	Direct & indirect ownership %	Value KD'000
Ajmal Holding Company - BSC	Bahrain	29	10,938	29	9,489	29	9,164
Tamdeen Holding Co. – KSC (Holding Closed) *	Kuwait	51	21,373	51	17,665	51	17,191
Fucom for Central Markets – KSC (Closed)	Kuwait	25	292	25	228	25	228
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	36,995	30	36,175	30	35,555
Tamdeen Franchises Holding Company – KSC (Holding Closed)	Kuwait	30	13,403	30	12,896	30	12,788
Tamdeen Resorts Company – WLL	Kuwait	25	132	25	133	25	133
Al Maysam Combined General Trading Company – WLL **	Kuwait	30	1,602	46	543	46	544
			84,735		77,129		75,603

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associated companies (continued)

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 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Assets	128,623	122,793	119,166
Liabilities	(43,888)	(45,664)	(43,563)
Net assets	84,735	77,129	75,603
	Nine months ended 30 Sept. 2013 (Unaudited) KD'000	Year ended 31 Dec. 2012 (Audited) KD'000	Nine months ended 30 Sept. 2012 (Unaudited) KD'000
Profit for the period/year	3,539	3,480	3,141

* During the previous year, one of the subsidiary companies of the group [Tamdeen Investment Company – KSC (Closed)] purchased from a related party an additional share in Tamdeen Holding Co. – KSC (Holding Closed) for an amount of KD3,915 thousand, and thus the group's share in this associated company became 51%.

** During the period, the share capital of Al Maysam Combined General Trading Company – WLL was increased by an amount of KD3,000 thousand, but the group subscribed by part of its share in this increase, and this resulted in a decrease in the group's share in this associated company by a percentage of 16%.

8 Properties under development

	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Cost			
At beginning of period/year	35,095	33,914	33,914
Additions during period/year	940	2,497	1,564
Transferred to property, plant and equipment	-	(1,316)	-
At end of period/year	36,035	35,095	35,478
Impairment in value			
At beginning of period/year	123	623	623
Additions during period/year *	1,441	420	-
Related to the transferred to property, plant and equipment	-	(920)	-
At end of period/year	1,564	123	623
Net book value			
At end of period/year	34,471	34,972	34,855

* During the period, 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.

Notes to the interim condensed consolidated financial information (continued)

9 Accounts receivable and other debit balances

	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Receivable from tenants	1,494	1,385	1,622
Staff receivable	68	32	59
Prepaid expenses	318	301	424
Due from related parties *	2,972	3,443	8,207
Accrued income	3	19	28
Due from sale of investments in lands and real estate held for trading *	6,888	8,769	8,769
Other debit balances	807	845	998
	12,550	14,794	20,107
Provision for doubtful debts	(1,068)	(1,265)	(1,248)
	11,482	13,529	18,859

* The balances due above are mainly represented by the amounts that resulted from the sale transaction performed by the group during the year 2011 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 collected part of these due balances during the current period and the previous year.

10 Term loans

The term loans are due for repayment as follows:

	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Within one year	35,762	32,500	45,000
From one to five years	67,500	60,500	60,500
	103,262	93,000	105,500

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% (2% to 2.25% at 31 December 2012 and 2% to 2.5% at 30 September 2012) 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 group are against the mortgage of investments in shares with a fair value of KD58,307 thousand (KD54,071 thousand at 31 December 2012 and KD61,003 thousand at 30 September 2012) (Note 6) and mortgage of investment properties and properties under development.

Notes to the interim condensed consolidated financial information (continued)

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 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Retentions for executed works	134	149	132
Income received in advance	488	761	738
Accrued leave and expenses	2,231	3,047	2,751
Due to related parties	106	1,763	3,533
Uncollected dividends to shareholders	323	262	362
Other credit balances	5,958	5,973	6,055
	9,240	11,955	13,571

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 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Cash and bank balances	4,428	1,979	4,146
Short term deposits	1,714	1,753	3,294
	6,142	3,732	7,440

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 or loss for the period/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 September 2013 (Unaudited)			
Gross income	5,124	7,825	12,949
Profit for the period attributable to the owners of the parent company	373	3,856	4,229
Total assets	81,939	196,616	278,555
Total liabilities	(82,543)	(32,420)	(114,963)
Non-controlling interests	-	(53,952)	(53,952)
Net assets employed	(604)	110,244	109,640

Notes to the interim condensed consolidated financial information (continued)

14 Segmental analysis (continued)

	Real estate KD'000	Investment KD'000	Total KD'000
Year ended at 31 December 2012 (Audited)			
Gross income	6,105	10,686	16,791
(Loss)/profit for the year attributable to the owners of the parent company	(1,322)	5,381	4,059
Total assets	82,811	170,785	253,596
Total liabilities	(82,243)	(33,131)	(115,374)
Non-controlling interests	-	(42,944)	(42,944)
Net assets employed	568	94,710	95,278
Period ended at 30 September 2012 (Unaudited)			
Gross income	4,457	9,484	13,941
(Loss)/profit for the period attributable to the owners of the parent company	(658)	4,608	3,950
Total assets	80,426	183,094	263,520
Total liabilities	(80,036)	(49,502)	(129,538)
Non-controlling interests	-	(41,398)	(41,398)
Net assets employed	390	92,194	92,584

15 Dividends

On 26 May 2013, the general assembly of shareholders approved the cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital to the shareholders registered at that date as per records for the year ended 31 December 2012 (cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital to the shareholders for the year ended 31 December 2011).

16 Related party transactions

Included in the transactions carried out by the group during the period, 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 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 9)	2,972	3,443	8,207
Accounts payable and other credit balances (Note 12)	106	1,763	3,533
Purchase of a share in an associated company (Note 7)	-	-	3,915

Notes to the interim condensed consolidated financial information (continued)

16 Related party transactions (continued)

	Nine months ended 30 Sept. 2013 (Unaudited) KD'000	Year ended 31 Dec. 2012 (Audited) KD'000	Nine months ended 30 Sept 2012 (Unaudited) KD'000
Interim condensed consolidated statement of income			
Management fees income and consultancies	287	408	286
General and administrative expenses (top management salaries and remunerations)	381	512	375
Operational expenses	466	519	367
<hr/>			
	30 Sept. 2013 (Unaudited) KD'000	31 Dec. 2012 (Audited) KD'000	30 Sept. 2012 (Unaudited) KD'000
Contra accounts - off interim condensed consolidated statement of financial position items			
Net book value of customers' portfolios (major shareholders)	63,674	62,027	48,012

17 Commitments and contingent liabilities

At the date of the interim condensed consolidated statement of financial position, the group had commitments against letters of guarantee issued in favour of third parties of amount KD2,271 thousand (KD2,271 thousand at 31 December 2012 and 30 September 2012).

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. In the first year of adoption, there was no need to present comparative information for the required disclosures. Accordingly, the disclosure for the fair value hierarchy is only presented for the period ended 30 September 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 Sept. 2013 (Unaudited) KD '000
Financial assets	
Cash and cash equivalents	6,142
Investments at fair value through profit or loss	851
Accounts receivable and other debit balances	11,482
Available for sale investments	106,648
	<hr/>
	125,123
<hr/>	
Financial liabilities	
Accounts payable and other credit balances	9,240
Term loans	103,262
Bank facilities	550
	<hr/>
	113,052

Notes to the interim condensed consolidated financial information (continued)

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

18.1 Categories of financial assets and liabilities (continued)

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 September 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 nine 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 2013 (Unaudited)

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Assets at fair value					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	851	-	-	851
Available for sale investments:					
- Local managed portfolios and funds	a	5,012	-	-	5,012
- Participations in unquoted local companies shares	b	-	7,617	-	7,617
- Participations in capital of companies located outside Kuwait	c	87,061	6,958	-	94,019
		92,924	14,575	-	107,499

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 and funds

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

b) Participations in unquoted local companies shares

These represent participations in unquoted 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.