



- Stock Code: 406

# Interim Financial Statements

{ True Copy Of The Original }

## Third Quarter Report 2014

First Quarter  
31/03/2014

Second Quarter  
30/06/2014

Third Quarter  
30/09/2014

Fourth Quarter  
31/12/2014

Interim Condensed Consolidated Financial Information and Review Report

**Tamdeen Real Estate Company – KPSC**

**and its Subsidiaries**

**Kuwait**

30 September 2014 (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 2014 and the related interim condensed consolidated statements of income, 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 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*

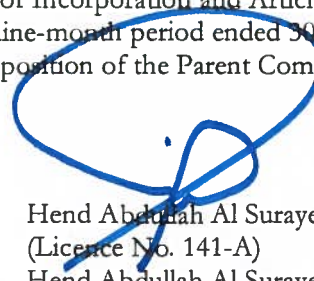
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

### **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 Parent 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 Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2014 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 income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000
<b>Income</b>					
Operational income		2,050	1,941	6,426	6,266
Operational expenses		(724)	(713)	(2,328)	(2,104)
Net operational income		1,326	1,228	4,098	4,162
Other operational income		339	201	782	681
Fees from management of investment portfolios		13	7	47	36
Net (loss)/income from investments	4	(5)	23	6,432	5,664
Share of results of associates	6	1,861	1,294	6,345	3,539
Impairment in value of properties under development	7	-	(585)	-	(1,441)
Foreign currency exchange loss		(19)	(7)	(38)	(21)
Other income		15	35	51	400
		3,530	2,196	17,717	13,020
<b>Expenses and other charges</b>					
Staff costs		382	342	1,367	1,389
General and administrative expenses		649	494	1,943	1,827
Finance costs		1,112	1,003	3,350	3,234
		2,143	1,839	6,660	6,450
<b>Profit for the period before contribution to KFAS, provisions for Zakat and NLST</b>		1,387	357	11,057	6,570
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		-	-	-	-
Provision for Zakat		4	-	-	-
Provision for National Labour Support Tax (NLST)		(2)	(11)	(52)	(44)
<b>Profit for the period</b>		1,389	346	11,005	6,526
<b>Attributable to :</b>					
Owners of the Parent Company		761	421	6,610	4,229
Non-controlling interests		628	(75)	4,395	2,297
		1,389	346	11,005	6,526
<b>Earnings per share attributable to the owners of the Parent Company (Fils)</b>	5	2	1.1	17.2	10.9

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

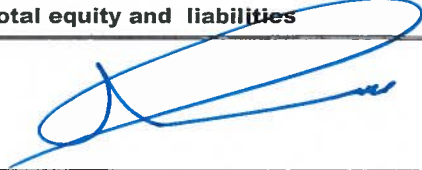
## Interim condensed consolidated statement of comprehensive income


	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Profit for the period	1,389	346	11,005	6,526
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	64	(71)	(18)	45
Available for sale investments:				
- Net change in fair value during the period	5,729	924	19,548	23,082
- Transferred to interim condensed consolidated statement of income on impairment in value	800	-	1,911	-
- Transferred to interim condensed consolidated statement of income on sale	(615)	5	(1,151)	(129)
Total other comprehensive income	5,978	858	20,290	22,998
<b>Total comprehensive income for the period</b>	<b>7,367</b>	<b>1,204</b>	<b>31,295</b>	<b>29,524</b>
<b>Attributable to:</b>				
Owners of the Parent Company	3,938	891	16,361	17,430
Non-controlling interests	3,429	313	14,934	12,094
	<b>7,367</b>	<b>1,204</b>	<b>31,295</b>	<b>29,524</b>

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,458	1,510	2,005
Investments in associates	6	144,238	93,337	84,735
Investment properties		21,100	21,100	20,880
Properties under development	7	36,305	34,714	34,471
Available for sale investments	8	141,342	111,657	106,648
		<b>344,443</b>	<b>262,318</b>	<b>248,739</b>
<b>Current assets</b>				
Accounts receivable and other debit balances	9	17,238	11,352	11,482
Investments at fair value through profit or loss		1,070	904	851
Investments in lands and real estate held for trading		11,610	11,341	11,341
Short term deposits	13	5,896	1,413	1,714
Cash and bank balances	13	5,237	3,573	4,428
		<b>41,051</b>	<b>28,583</b>	<b>29,816</b>
<b>Total assets</b>		<b>385,494</b>	<b>290,901</b>	<b>278,555</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		39,177	37,312	37,312
Share premium		11,132	11,132	11,132
Treasury shares		(3,194)	(754)	(753)
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		227	245	264
Retained earnings		17,833	13,885	14,599
Cumulative changes in fair value		41,793	32,024	28,021
<b>Equity attributable to the owners of the Parent Company</b>		<b>126,941</b>	<b>113,817</b>	<b>109,640</b>
<b>Non-controlling interests</b>		<b>80,662</b>	<b>56,568</b>	<b>53,952</b>
<b>Total equity</b>		<b>207,603</b>	<b>170,385</b>	<b>163,592</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provision for end of service indemnity		822	713	714
Refundable rental deposits		1,223	1,206	1,197
Term loans	10	72,500	67,500	67,500
		<b>74,545</b>	<b>69,419</b>	<b>69,411</b>
<b>Current liabilities</b>				
Accounts payable and other credit balances	11	27,636	9,848	9,240
Due to banks	12	3,960	937	550
Current portion of term loans	10	71,750	40,312	35,762
		<b>103,346</b>	<b>51,097</b>	<b>45,552</b>
<b>Total liabilities</b>		<b>177,891</b>	<b>120,516</b>	<b>114,963</b>
<b>Total equity and liabilities</b>		<b>385,494</b>	<b>290,901</b>	<b>278,555</b>

  
Meshaal Jassim Al-Marzouq  
Chairman

  
Ali Yacoub Ghafil Al-Aryan  
Vice Chairman

The notes set out on pages 8 to 22 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 (Audited)	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	-	-	(2,440)	-	-	-	-	-	-	(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 15)	-	-	-	-	-	-	-	(2,954)	-	(2,954)	-	(2,954)
Bonus share dividends (Note 15)	1,865	-	-	-	-	-	-	(1,865)	-	-	-	-
Transactions with the owners	1,865	-	(2,440)	-	-	-	-	(4,819)	-	(5,394)	9,160	3,766
Profit resulting from the share capital decrease of an associate (Note 6a)	-	-	-	-	-	-	-	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)	6,610	9,769	16,361	14,934	31,295
Balance as at 30 September 2014 (Unaudited)	39,177	11,132	(3,194)	739	8,918	10,316	227	17,833	41,793	126,941	80,662	207,603



## Interim condensed consolidated statement of changes in equity (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 2013 (Audited)	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	-	-	-	-	-	-	-	-	-	-	(1,086)	(1,086)
Net change in treasury shares	-	-	(103)	-	-	-	-	-	-	(103)	-	(103)
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,965)	-	(2,965)	-	(2,965)
Transactions with the owners	-	-	(103)	-	-	-	-	(2,965)	-	(3,068)	(1,086)	(4,154)
Profit for the period	-	-	-	-	-	-	-	4,229	-	4,229	2,297	6,526
Total other comprehensive income	-	-	-	-	-	-	45	-	13,156	13,201	9,797	22,998
Total comprehensive income for the period	-	-	-	-	-	-	45	4,229	13,156	17,430	12,094	29,524
Balance as at 30 September 2013 (Unaudited)	37,312	11,132	(753)	739	8,464	9,862	264	14,599	28,021	109,640	53,952	163,592

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2014 (Unaudited) KD'000	Nine months ended 30 Sept. 2013 (Unaudited) KD'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		11,005	6,526
Adjustments:			
Depreciation		166	171
Provision for end of service indemnity		125	88
Unrealised gain from investments at fair value through profit or loss		(166)	(176)
Net gain on sale of available for sale investments		(1,357)	(229)
Impairment in value of available for sale investments		1,911	-
Impairment in value of properties under development		-	1,441
Dividends income		(6,811)	(5,247)
Interest income		(9)	(12)
Share of results of associates		(6,345)	(3,539)
Finance costs		3,350	3,234
		1,869	2,257
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable and other debit balances		(5,881)	2,047
Accounts payable and other credit balances		(7,461)	(2,155)
Refundable rental deposits		17	59
End of service indemnity paid		(16)	(9)
<b>Net cash (used in)/from operating activities</b>		<b>(11,472)</b>	<b>2,199</b>
<b>INVESTING ACTIVITIES</b>			
Net purchase of available for sale investments		(144)	(350)
Proceeds from sale of available for sale investments		1,647	704
Investments in associates		(110)	(1,060)
Paid for acquisition of subsidiary companies	6	(1,355)	-
Properties under development		(1,591)	(940)
Property, plant and equipment		(114)	(84)
Investments in lands and real estate held for trading		(269)	-
Dividends income received		6,811	5,247
Dividends received from associates		2,100	2,479
Interest income received		9	12
<b>Net cash from investing activities</b>		<b>6,984</b>	<b>6,008</b>
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid		(2,929)	(2,953)
Change in non-controlling interests		(6,688)	(1,166)
Change in due to banks		3,023	(8,096)
Change in term loans		21,188	10,262
Change in foreign currency translation reserve		(18)	45
Net change in treasury shares		(191)	(103)
Finance costs paid		(3,750)	(3,786)
<b>Net cash from/(used in) financing activities</b>		<b>10,635</b>	<b>(5,797)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,147</b>	<b>2,410</b>
Cash and cash equivalents at beginning of the period		4,986	3,732
<b>Cash and cash equivalents at end of the period</b>	13	<b>11,133</b>	<b>6,142</b>

The notes set out on pages 8 to 22 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 nine months period ended 30 September 2014 was authorised for issue by the Parent Company’s board of directors on 13 November 2014.

### 2 Basis of presentation and changes to accounting policies

#### 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 2013.

Operating results for the nine months period ended 30 September 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 related disclosures for the year ended 31 December 2013.

## Notes to the interim condensed consolidated financial information (continued)

### 2 Basis of presentation and changes to accounting policies (continued)

#### Basis of consolidation

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

#### Changes to accounting policies

##### Adoption of new IASB Standards and amendments during the period

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and amendments effective as of 1 January 2014.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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

The nature and the impact of applying each new standard/amendment is described below:

##### *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 the amendment did not result in any material impact on the Group's interim condensed consolidated financial information.

##### *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 this amendment did not have any significant impact on the financial position or performance of the Group.

##### *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. These amendments have no impact on the Group.

##### *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 and changes to accounting policies (continued)

#### Changes to accounting policies (continued)

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

#### *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 this amendment did not have any significant impact on the financial position or performance of the Group.

#### *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 this amendment did not have any significant impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

### 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 Sept. 2014 (Unaudited) %	31 Dec. 2013 (Audited) %	30 Sept. 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.

## Notes to the interim condensed consolidated financial information (continued)

### 4 Net (loss)/income from investments

	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Net gain on sale of available for sale investments	698	3	1,357	229
Unrealised gain from investments at fair value through profit or loss	29	18	166	176
Impairment in value of available for sale investments	(800)	-	(1,911)	-
Dividends income	66	-	6,811	5,247
Interest income	2	2	9	12
	(5)	23	6,432	5,664

### 5 Earnings per share attributable to the owners of the Parent Company

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. 2014 (Unaudited)	30 Sept. 2013 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2013 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	761	421	6,610	4,229
Weighted average number of outstanding shares (excluding treasury shares) (in thousands)	379,103	382,904	383,971	387,030
Earnings per share attributable to the owners of the Parent Company (Fils)	2	1.1	17.2	10.9

The weighted average number of shares outstanding during the previous periods has been restated to add the bonus shares issued during the period (refer note 15)

The earnings per share reported during the previous period for the three months and nine months ended 30 September 2013, before the bonus shares decided above, were 1.1 Fils and 11.4 Fils respectively.

## Notes to the interim condensed consolidated financial information (continued)

### 6 Investments in associates

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

Company's name	Place of incorporation	30 Sept. 2014 (Unaudited)		31 Dec. 2013 (Audited)		30 Sept. 2013 (Unaudited)	
		Ownership %		Ownership %		Ownership %	
		Direct	Indirect*	Direct	Indirect*	Direct	Indirect*
Ajmal Holding Company – BSC (a)	Bahrain	19	19	19	19	19	19
Tamdeen Holding Company – KSC (Holding Closed) (b)	Kuwait	30	40	30	40	30	40
Fucom for Central Markets – KSC (Closed)	Kuwait	25	-	25	-	25	-
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	-	30	-	30	-
Tamdeen Franchises Holding Company – KSC (Holding Closed) (c)	Kuwait	-	-	20	20	20	20
Tamdeen Resorts Company – WLL (c,d)	Kuwait	-	-	22	46	-	49
Al Maysam Combined General Trading Company – WLL	Kuwait	20	20	20	20	20	20
Kuwait National Cinema Company – KPSC (c)	Kuwait	-	45	-	-	-	-
Tamdeen Pearl Real Estate Company – WLL (c)	Kuwait	-	31	-	-	-	-
				144,238		93,337	84,735

\* Indirect holding through two subsidiaries [Tamdeen Investment Company – KPSC and Subsidiaries and Manshar Real Estate Company – KSC (Closed) (Note 3)].

The Group's share in the net assets and profit for the period of the associates in accordance with the latest financial statements available at the date of the interim condensed consolidated statement of financial position are as follows:

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Total assets	187,519	149,446	128,623
Total liabilities	(43,281)	(56,109)	(43,888)
<b>Net assets</b>	<b>144,238</b>	<b>93,337</b>	<b>84,735</b>

## Notes to the interim condensed consolidated financial information (continued)

### 6 Investments in associates (continued)

	Three months ended		Nine months ended	
	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000	30 Sept. 2014 (Unaudited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Profit for the period	1,861	1,294	6,345	3,539

- (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, which resulted in decrease in the value of the investment in this associate 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 of the share capital of this associate.
- (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 associates above.
- (c) During the period, one of the subsidiary companies (Tamdeen Investment Company - KPSC and Subsidiaries) has increased its share in Tamdeen Franchises Holding Company – KSC (Holding Closed) by an amount of KD22,500 thousand and Tamdeen Resorts Company – WLL by an amount of KD5,750 thousand, and this has resulted in an increase in the share of Tamdeen Investment Company – KPSC and Subsidiaries in these companies to 80% and 54% respectively. Consequently, these investments have been reclassified from associates to subsidiary companies. Further, the Parent Company's existing direct holding of 18% in Tamdeen Resorts Company – WLL which was classified under associates as of 30 June 2014 was also reclassified from associates to subsidiary companies. The Group has started consolidating the financial statements of these two companies from the date when the Group's subsidiary company (Tamdeen Investment Company – KPSC and Subsidiaries) exercised control over these companies in May and September 2014 respectively.

The process of integrating the business of Tamdeen Franchises Holding Company – KSC (Holding Closed) occurred in phases, and the Group recognized a 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 September 2014 within share of results of associates.

The acquisition process has been accounted for based on the specified value of the acquired companies' 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 Properties under development

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
<b>Cost</b>			
At beginning of period/year	37,198	36,411	35,095
Additions during period/year (a)	1,591	787	940
Disposals	(123)	-	-
<b>At end of period/year</b>	<b>38,666</b>	<b>37,198</b>	<b>36,035</b>
<b>Impairment in value</b>			
At beginning of period/year	2,484	1,043	123
Additions during period/year (b)	-	1,441	1,441
Relating to disposals	(123)	-	-
<b>At end of period/year</b>	<b>2,361</b>	<b>2,484</b>	<b>1,564</b>
<b>Net book value</b>			
<b>At end of period/year</b>	<b>36,305</b>	<b>34,714</b>	<b>34,471</b>

- (a) The additions to properties under development are mainly represented in the amounts expensed on the redevelopment of (Al Kout Mall Project) 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.

### 8 Available for sale investments

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Local managed portfolios	6,092	5,204	5,012
Participations in local companies shares	8,230	7,401	7,617
Participations in capital of companies located outside Kuwait	127,020	99,052	94,019
	<b>141,342</b>	<b>111,657</b>	<b>106,648</b>

Participations in capital of companies located outside Kuwait include the investment of the subsidiary company [Tamdeen Investment Company – KPSC and Subsidiaries], in shares listed outside Kuwait. These participations include investments with a total fair value of KD74,691 thousand (KD61,883 thousand at 31 December 2013 and KD58,307 thousand at 30 September 2013) mortgaged against term loans (Note 10).

## Notes to the interim condensed consolidated financial information (continued)

### 9 Accounts receivable and other debit balances

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Receivable from tenants	1,442	1,477	1,494
Staff receivables	79	53	68
Prepaid expenses	351	178	318
Due from related parties (a)	2,900	2,893	2,972
Accrued income	13	-	3
Advance payments to contractors (b)	5,723	-	-
Due from sale of investments in lands and real estate held for trading (a)	7,084	7,088	6,888
Other debit balances	703	724	807
	<b>18,295</b>	<b>12,413</b>	<b>12,550</b>
Provision for doubtful debts	<b>(1,057)</b>	<b>(1,061)</b>	<b>(1,068)</b>
	<b>17,238</b>	<b>11,352</b>	<b>11,482</b>

(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 KD5,711 thousand paid during the quarter to a local contractor as a 10% advance payment form the total signed contract value for (Al Kout Mall Project) which is classified under properties under development.

### 10 Term loans

The term loans are due for repayment as follows:

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Within one year	71,750	40,312	35,762
Over one year	72,500	67,500	67,500
	<b>144,250</b>	<b>107,812</b>	<b>103,262</b>

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 30 September 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 KD74,691 thousand (KD61,883 thousand at 31 December 2013 and KD58,307 thousand at 30 September 2013) (Note 8), mortgage of investments in associates by an amount of KD37,842 thousand (KD Nil at 31 December 2013 and 30 September 2013), and mortgage of investment properties and properties under development (Note 7a).

## Notes to the interim condensed consolidated financial information (continued)

### 11 Accounts payable and other credit balances

	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Retentions for executed works	303	131	134
Income received in advance	349	711	488
Accrued leave and expenses	2,076	2,516	2,231
Due to related parties (a)	5,076	94	106
Dividends payable to shareholders	347	305	323
Other payables	13,689	-	-
Other credit balances	5,796	6,091	5,958
	<b>27,636</b>	<b>9,848</b>	<b>9,240</b>

(a) The balance due to related parties is mainly 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 6c).

### 12 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.

### 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. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
Cash and bank balances	5,237	3,573	4,428
Short term deposits	5,896	1,413	1,714
	<b>11,133</b>	<b>4,986</b>	<b>6,142</b>

### 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 8), all of the assets and liabilities are located inside Kuwait.

## Notes to the interim condensed consolidated financial information (continued)

### 14 Segmental analysis (continued)

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
<b>Period ended at 30 September 2014 (Unaudited)</b>			
Gross income	4,883	12,834	17,717
<hr/>			
Profit for the period attributable to the owners of the Parent Company	333	6,277	6,610
<hr/>			
Total assets	87,117	298,377	385,494
Total liabilities	(83,201)	(94,690)	(177,891)
Non-controlling interests	-	(80,662)	(80,662)
<hr/>			
<b>Net assets employed</b>	<b>3,916</b>	<b>123,025</b>	<b>126,941</b>
<hr/>			
<b>Year ended at 31 December 2013 (Audited)</b>			
Gross income	6,615	8,095	14,710
<hr/>			
Profit for the year attributable to the owners of the Parent Company	414	4,010	4,424
<hr/>			
Total assets	81,126	209,775	290,901
Total liabilities	(83,662)	(36,854)	(120,516)
Non-controlling interests	-	(56,568)	(56,568)
<hr/>			
<b>Net assets employed</b>	<b>(2,536)</b>	<b>116,353</b>	<b>113,817</b>
<hr/>			
<b>Period ended at 30 September 2013 (Unaudited)</b>			
Gross income	5,195	7,825	13,020
<hr/>			
Profit for the period attributable to the owners of the Parent Company	373	3,856	4,229
<hr/>			
Total assets	81,939	196,616	278,555
Total liabilities	(82,543)	(32,420)	(114,963)
Non-controlling interests	-	(53,952)	(53,952)
<hr/>			
<b>Net assets employed</b>	<b>(604)</b>	<b>110,244</b>	<b>109,640</b>

### 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 pay 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 pay 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.

## Notes to the interim condensed consolidated financial information (continued)

### 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 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
<b>Interim condensed consolidated statement of financial position</b>			
Accounts receivable and other debit balances (Note 9a)	2,900	2,893	2,972
Accounts payable and other credit balances (Note 11a)	5,076	94	106
Purchase of additional shares in an associate (previously) (Note 6d)	-	3,250	-
Purchase of additional shares in a subsidiary company (Note 6c)	15,000	-	-
	Nine months ended 30 Sept. 2014 (Unaudited) KD'000	Year ended 31 Dec. 2013 (Audited) KD'000	Nine months ended 30 Sept. 2013 (Unaudited) KD'000
<b>Interim condensed consolidated statement of income</b>			
Management fees and consultancy income (included in other operational income)	432	441	287
Operational expenses	387	636	466
<b>Benefits of key management personnel of the Group:</b>			
Short term employee benefits	361	681	381
	30 Sept. 2014 (Unaudited) KD'000	31 Dec. 2013 (Audited) KD'000	30 Sept. 2013 (Unaudited) KD'000
<b>Contra accounts - off interim condensed consolidated statement of financial position items</b>			
Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC and Subsidiaries (subsidiary company)	114,950	63,687	63,674

### 17 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 KD1,021 thousand (KD2,271 thousand at 31 December 2013 and KD2,271 thousand at 30 September 2013).

The Group had capital commitments amounting to KD51,398 thousand (KD Nil at 31 December 2013 and 30 September 2013) for its project classified under properties under development.

## Notes to the interim condensed consolidated financial information (continued)

### 18 Financial Instruments

#### 18.1 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 are categorized as follows:

	30 Sept. 2014 (Unaudited)		31 Dec. 2013 (Audited)		30 Sept. 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
<b>Financial assets</b>						
Available for sale investments	14,499	126,843	9,799	101,858	15,895	90,753
Accounts receivable and other debit balances	17,238	-	11,352	-	11,482	-
Investments at fair value through profit or loss	-	1,070	-	904	-	851
Short term deposits	5,896	-	1,413	-	1,714	-
Cash and cash equivalents	5,237	-	3,573	-	4,428	-
	<b>42,870</b>	<b>127,913</b>	<b>26,137</b>	<b>102,762</b>	<b>33,519</b>	<b>91,604</b>
<b>Financial liabilities</b>						
Term loans	144,250	-	107,812	-	103,262	-
Accounts payable and other credit balances	27,636	-	9,848	-	9,240	-
Due to banks	3,960	-	937	-	550	-
	<b>175,846</b>	<b>-</b>	<b>118,597</b>	<b>-</b>	<b>113,052</b>	<b>-</b>

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. In the opinion of the Parent Company's management, except for certain available for sale investments which are carried at cost less impairment, the carrying amounts of financial assets and liabilities as at 30 September 2014 and 31 December 2013 and 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 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.

## Notes to the interim condensed consolidated financial information (continued)

### 18 Financial instruments (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
<b>30 September 2014 (Unaudited)</b>					
<b>Assets at fair value</b>					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	1,070	-	-	1,070
Available for sale investments:					
- Local managed portfolios	a	265	2,250	-	2,515
- Participations in local companies shares	b	5,827	-	-	5,827
- Participations in capital of companies located outside Kuwait	c	118,501	-	-	118,501
		<b>125,663</b>	<b>2,250</b>	<b>-</b>	<b>127,913</b>
<b>31 December 2013 (Audited)</b>					
<b>Assets at fair value</b>					
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
		<b>94,929</b>	<b>2,250</b>	<b>5,583</b>	<b>102,762</b>
<b>30 September 2013 (Unaudited)</b>					
<b>Assets at fair value</b>					
Investments at fair value through profit or loss:					
- Local managed portfolios	a	851	-	-	851
Available for sale investments:					
- Local managed portfolios	a	363	2,250	-	2,613
- Participations in local companies shares	b	4,650	-	-	4,650
- Participations in capital of companies located outside Kuwait	c	83,490	-	-	83,490
		<b>89,354</b>	<b>2,250</b>	<b>-</b>	<b>91,604</b>

## Notes to the interim condensed consolidated financial information (continued)

### 18 Financial instruments (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.