

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

31 March 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 (A Kuwaiti Public Shareholding Company) and its subsidiaries as of 31 March 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, or of the articles of association of the Company, as amended, have occurred during the three-month period ended 31 March 2014 that might have had a material effect on the business or financial position of the Company.

Abdullatif M. Al-Aiban (CPA)
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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

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

Kuwait
11 May 2014

Interim condensed consolidated statement of income

| | Notes | Three months ended 31 March 2014 (Unaudited) KD'000 | Three months ended 31 March 2013 (Unaudited) KD'000 |
|--|-------|---|---|
| Income | | | |
| Operational income | | 2,104 | 2,179 |
| Operational expenses | | (794) | (735) |
| Net operational income | | 1,310 | 1,444 |
| Other operational income | | 205 | 233 |
| Fees from management of investment portfolios | | 10 | 22 |
| Net income from investments | 4 | 5,260 | 4,889 |
| Share of profit in associated companies | 7 | 2,229 | 1,855 |
| Impairment in value of properties under development | 8 | - | (856) |
| Other income | | 47 | 60 |
| | | 9,061 | 7,647 |
| Expenses and other charges | | | |
| Staff costs | | 576 | 618 |
| General and administrative expenses | | 740 | 820 |
| Finance costs | | 1,030 | 1,074 |
| | | 2,346 | 2,512 |
| Profit for the period before contribution to KFAS, contribution to Zakat and provision for NLST | | 6,715 | 5,135 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | | - | - |
| Contribution to Zakat | | - | - |
| Provision for National Labour Support Tax (NLST) | | (16) | (6) |
| Profit for the period | | 6,699 | 5,129 |
| Attributable to : | | | |
| Owners of the parent company | | 3,794 | 2,792 |
| Non-controlling interests | | 2,905 | 2,337 |
| | | 6,699 | 5,129 |
| Earnings per share attributable to the owners of the parent company | 5 | 10.3 Fils | 7.5 Fils |

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 31 March 2014 (Unaudited) KD'000 | Three months ended 31 March 2013 (Unaudited) KD'000 |
|--|---|---|
| Profit for the period | 6,699 | 5,129 |
| Other comprehensive income: | | |
| <i>Items that may be reclassified to interim condensed consolidated statement of income in subsequent periods:</i> | | |
| Exchange differences arising on translation of foreign operations | (108) | 125 |
| Available for sale investments: | | |
| - Net change in fair value during the period | 10,789 | 6,731 |
| - Transferred to interim condensed consolidated statement of income on impairment in value (Note 4) | 1,111 | - |
| Total other comprehensive income | 11,792 | 6,856 |
| Total comprehensive income for the period | 18,491 | 11,985 |
| Attributable to: | | |
| Owners of the parent company | 9,391 | 6,771 |
| Non-controlling interests | 9,100 | 5,214 |
| | 18,491 | 11,985 |

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 | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|--|-------|---|--|---|
| Assets | | | | |
| Non-current assets | | | | |
| Available for sale investments | 6 | 133,572 | 111,657 | 94,473 |
| Investments in associated companies | 7 | 86,728 | 93,337 | 81,673 |
| Investment properties | | 21,100 | 21,100 | 20,880 |
| Properties under development | 8 | 35,077 | 34,714 | 34,896 |
| Property, plant and equipment | | 1,477 | 1,510 | 1,648 |
| | | 277,954 | 262,318 | 233,570 |
| Current assets | | | | |
| Cash and bank balances | 13 | 2,840 | 3,573 | 1,823 |
| Short term deposits | 13 | 913 | 1,413 | 1,743 |
| Investments at fair value through profit or loss | | 966 | 904 | 744 |
| Accounts receivable and other debit balances | 9 | 18,623 | 11,352 | 18,182 |
| Investments in lands and real estate held for trading | | 11,341 | 11,341 | 11,341 |
| | | 34,683 | 28,583 | 33,833 |
| Total assets | | 312,637 | 290,901 | 267,403 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Share capital | | 37,312 | 37,312 | 37,312 |
| Share premium | | 11,132 | 11,132 | 11,132 |
| Treasury shares | | (944) | (754) | (650) |
| 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 | | 162 | 245 | 322 |
| Retained earnings | | 19,836 | 13,885 | 16,127 |
| Cumulative changes in fair value | | 37,704 | 32,024 | 18,741 |
| Equity attributable to the owners of the parent company | | 125,175 | 113,817 | 102,049 |
| Non-controlling interests | | 65,487 | 56,568 | 48,158 |
| Total equity | | 190,662 | 170,385 | 150,207 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Term loans | 10 | 67,500 | 67,500 | 61,250 |
| Refundable rental deposits | | 1,217 | 1,206 | 1,185 |
| Provision for end of service indemnity | | 758 | 713 | 660 |
| | | 69,475 | 69,419 | 63,095 |
| Current liabilities | | | | |
| Bank facilities | 11 | 1,325 | 937 | 9,519 |
| Accounts payable and other credit balances | 12 | 9,925 | 9,848 | 12,082 |
| Current portion of term loans | 10 | 41,250 | 40,312 | 32,500 |
| | | 52,500 | 51,097 | 54,101 |
| Total liabilities | | 121,975 | 120,516 | 117,196 |
| Total equity and liabilities | | 312,637 | 290,901 | 267,403 |

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 (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 2014 | 37,312 | 11,132 | (754) | 739 | 8,918 | 10,316 | 245 | 13,885 | 32,024 | 113,817 | 56,568 | 170,385 |
| Net change in treasury shares | - | - | (190) | - | - | - | - | - | - | (190) | (181) | (371) |
| Profit resulting from the share capital decrease of an associated company (Note 7a) | - | - | - | - | - | - | - | 2,157 | - | 2,157 | - | 2,157 |
| Profit for the period | - | - | - | - | - | - | - | 3,794 | - | 3,794 | 2,905 | 6,699 |
| Other comprehensive income: | | | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | (83) | - | - | (83) | (25) | (108) |
| Available for sale investments: | | | | | | | | | | | | |
| - Net change in fair value during the period | - | - | - | - | - | - | - | - | 4,569 | 4,569 | 6,220 | 10,789 |
| - Transferred to interim condensed consolidated statement of income on impairment in value | - | - | - | - | - | - | - | - | 1,111 | 1,111 | - | 1,111 |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | - | (83) | 3,794 | 5,680 | 9,391 | 9,100 | 18,491 |
| Balance as at 31 March 2014 | 37,312 | 11,132 | (944) | 739 | 8,918 | 10,316 | 162 | 19,836 | 37,704 | 125,175 | 65,487 | 190,662 |

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 2013 | 37,312 | 11,132 | (650) | 739 | 8,464 | 9,862 | 219 | 13,335 | 14,865 | 95,278 | 42,944 | 138,222 |
| Profit for the period | - | - | - | - | - | - | - | 2,792 | - | 2,792 | 2,337 | 5,129 |
| Other comprehensive income: | | | | | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | 103 | - | - | 103 | 22 | 125 |
| Available for sale investments: | | | | | | | | | | | | |
| - Net change in fair value during the period | - | - | - | - | - | - | - | - | 3,876 | 3,876 | 2,855 | 6,731 |
| Total comprehensive income for the period | - | - | - | - | - | - | 103 | 2,792 | 3,876 | 6,771 | 5,214 | 11,985 |
| Balance as at 31 March 2013 | 37,312 | 11,132 | (650) | 739 | 8,464 | 9,862 | 322 | 16,127 | 18,741 | 102,049 | 48,158 | 150,207 |

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

| | Three months ended 31 March 2014 (Unaudited) | Three months ended 31 March 2013 (Unaudited) |
|---|---|---|
| Note | KD'000 | KD'000 |
| OPERATING ACTIVITIES | | |
| Profit for the period attributable to the owners of the parent company | 3,794 | 2,792 |
| Adjustments: | | |
| Depreciation | 55 | 55 |
| Provision for end of service indemnity | 46 | 38 |
| Unrealised profit from investments at fair value through profit or loss | (62) | (69) |
| Impairment in value of available for sale investments | 1,111 | - |
| Impairment in value of properties under development | - | 856 |
| Dividends income | (6,303) | (4,813) |
| Interest income | (6) | (7) |
| Share of profit in associated companies | (2,229) | (1,855) |
| Finance costs | 1,030 | 1,074 |
| | (2,564) | (1,929) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and other debit balances | (969) | 157 |
| Accounts payable and other credit balances | 379 | 128 |
| Refundable rental deposits | 11 | 47 |
| End of service indemnity paid | (1) | (13) |
| Net cash used in operating activities | (3,144) | (1,610) |
| INVESTING ACTIVITIES | | |
| Paid to purchase additional shares in an associated company | - | (1,060) |
| Additions to properties under development | (363) | (384) |
| Net purchase of property, plant and equipment | (22) | (7) |
| Dividends income received | 1 | 2 |
| Interest income received | 6 | 7 |
| Net cash used in investing activities | (378) | (1,442) |
| FINANCING ACTIVITIES | | |
| Change in non-controlling interests | 2,533 | 2,601 |
| Change in bank facilities | 388 | 873 |
| Change in treasury shares | (190) | - |
| Change in term loans | 938 | 750 |
| Cash dividends | (15) | (10) |
| Change in foreign currency translation reserve | (83) | 103 |
| Finance costs paid | (1,282) | (1,431) |
| Net cash from financing activities | 2,289 | 2,886 |
| Net decrease in cash and cash equivalents | (1,233) | (166) |
| Cash and cash equivalents at beginning of the period | 4,986 | 3,732 |
| Cash and cash equivalents at end of the period | 13 | 3,566 |

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 three months period ended 31 March 2014 was authorised for issue by the parent company’s board of directors on 11 May 2014.

The general assembly of shareholders was not convened up to the date of issuance of these interim condensed consolidated financial information to approve the consolidated financial statements for the year ended 31 December 2013.

2 Basis of presentation

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

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

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

Basis of consolidation

The interim condensed consolidated financial information includes the financial information of the parent company and its subsidiaries for the three months period ended 31 March 2014. The details of the consolidated subsidiaries is shown in note 3. All material balances, transactions, realized and unrealized profits between the parent company and its subsidiaries are eliminated upon consolidation.

2.1 Adoption of new IASB Standards and amendments during the period

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

| <i>Standard or Interpretation</i> | <i>Effective for financial 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 |

2.1.1 IAS 32 Financial Instruments: Presentation - Amendments

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

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

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

2.1.2 IAS 36 Impairment of Assets- Amendments

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

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

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

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

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

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

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

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

2.1.5 IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date.
- the same recognition principles apply in the annual and interim financial statements.

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

2.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

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

Standard or Interpretation

Effective for financial periods beginning

| | |
|---|------------------|
| IFRS 9 Financial Instruments: Recognition and Measurement | To be determined |
| Annual Improvements to IFRSs 2010–2012 Cycle | 1 July 2014 |
| Annual Improvements to IFRSs 2011-2013 Cycle | 1 July 2014 |

2.2.1 IFRS 9 Financial Instruments

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.1 IFRS 9 Financial Instruments (continued)

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

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

2.2.2 Annual Improvements to IFRSs 2010-2012 Cycle:

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

2.2.3 Annual Improvements 2011-2013 Cycle:

- *Amendments to IFRS 1*-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:
 - IFRSs that are currently effective
 - IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

- *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.
- *Amendments to IAS 40* — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

Notes to the interim condensed consolidated financial information (continued)

3 Subsidiary companies

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

| Subsidiary companies | Percentage of ownership in subsidiary companies | | | Country of incorporation | Principal activity | Date of incorporation | Date of control |
|--|---|----------------|------------------|--------------------------|--------------------|-----------------------|-----------------|
| | 31 March 2014 | 31 Dec. 2013 | 31 March 2013 | | | | |
| | (Unaudited) % | (Audited) % | (Unaudited) % | | | | |
| Tamdeen Investment Company – KPSC (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 which are owned by the parent company, are quoted shares within an investment portfolio totally managed by a specialized investment company.

4 Net income from investments

| | Three months ended 31 March 2014 (Unaudited) KD'000 | Three months ended 31 March 2013 (Unaudited) KD'000 |
|---|---|---|
| Impairment in value of available for sale investments | (1,111) | - |
| Unrealised profit from investments at fair value through profit or loss | 62 | 69 |
| Dividends income | 6,303 | 4,813 |
| Interest income | 6 | 7 |
| | 5,260 | 4,889 |

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

| | Three months ended 31 March 2014 (Unaudited) | Three months ended 31 March 2013 (Unaudited) |
|---|--|--|
| Profit for the period attributable to the owners of the parent company (KD'000) | 3,794 | 2,792 |
| Weighted average number of the outstanding shares (excluding treasury shares) (in thousand) | 369,554 | 370,690 |
| Earnings per share attributable to the owners of the parent company | 10.3 Fils | 7.5 Fils |

Notes to the interim condensed consolidated financial information (continued)

6 Available for sale investments

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|---|---|--|---|
| Local managed portfolios | 5,649 | 5,204 | 4,943 |
| Participations in local companies shares | 7,617 | 7,401 | 7,657 |
| Participations in capital of companies located outside Kuwait | 120,306 | 99,052 | 81,873 |
| | 133,572 | 111,657 | 94,473 |

Participations in capital of companies located outside Kuwait include the investments of one of the subsidiary companies [Tamdeen Investment Company – KPSC] in shares listed on foreign financial markets. These participations include investments with a total fair value of KD65,817 thousand (KD61,883 thousand at 31 December 2013 and KD50,212 thousand at 31 March 2013) mortgaged against term loans (Note 10) and bank facilities (Note 11).

Notes to the interim condensed consolidated financial information (continued)

7 Investments in associated companies

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

| Company's name | Place of incorporation | 31 March 2014 (Unaudited) | | 31 Dec. 2013 (Audited) | | 31 March 2013 (Unaudited) | |
|---|------------------------|--|-----------------|--|-----------------|--|-----------------|
| | | Direct & indirect ownership % | Value KD'000 | Direct & indirect ownership % | Value KD'000 | Direct & indirect ownership % | Value KD'000 |
| Ajmal Holding Company – BSC (a) | Bahrain | 29 | 431 | 29 | 11,626 | 29 | 10,251 |
| Tamdeen Holding Company – KSC (Holding Closed) (b) | Kuwait | 51 | 24,880 | 51 | 22,224 | 51 | 19,279 |
| Fucom for Central Markets – KSC (Closed) | Kuwait | 25 | 426 | 25 | 354 | 25 | 282 |
| Tamdeen Shopping Centers Company – KSC (Closed) | Kuwait | 30 | 38,304 | 30 | 37,460 | 30 | 36,927 |
| Tamdeen Franchises Holding Company – KSC (Holding Closed) | Kuwait | 30 | 14,698 | 30 | 13,682 | 30 | 13,199 |
| Tamdeen Resorts Company – WLL (c) | Kuwait | 46 | 6,390 | 46 | 6,390 | 25 | 133 |
| Al Maysam Combined General Trading Company – WLL | Kuwait | 30 | 1,599 | 30 | 1,601 | 30 | 1,602 |
| | | | 86,728 | | 93,337 | | 81,673 |

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:

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|-----------------------------------|---|--|---|
| Total assets | 144,782 | 149,446 | 122,045 |
| Total liabilities | (58,054) | (56,109) | (40,372) |
| Net assets | 86,728 | 93,337 | 81,673 |
| | Three months ended 31 March 2014 (Unaudited) KD'000 | Year ended 31 Dec. 2013 (Audited) KD'000 | Three months ended 31 March 2013 (Unaudited) KD'000 |
| Profit for the period/year | 2,229 | 4,285 | 1,855 |

- (a) During the period, the group received shares of a company outside the State of Kuwait of total value equivalent to KD11,231 thousand against the decrease of the share capital of Ajmal Holding Company - BSC, from which a decrease in the value of the investment in this associated company has resulted with the same amount, and also resulted in an effect on the retained earnings by an amount of KD2,157 thousand as a result of the restructuring on the share capital of this associated company.
- (b) The parent company's management confirms that the group do not exercise control over the decisions of Tamdeen Holding Company - KSC (Holding Closed) either directly or in participation with the indirect shares. Accordingly, the financial statements of this company were not consolidated, and they were accounted for using the equity method within the associated companies above.
- (c) During the previous year, the share capital of Tamdeen Resorts Company - WLL was increased by an amount of KD9,000 thousand to become KD9,250 thousand, and the parent company and Tamdeen Investment Company - KPSC (subsidiary company) subscribed in this increase by a total amount of KD6,250 thousand including an amount of KD3,250 thousand from related parties, and this resulted in the increase of the group's share in this associated company from 25% to 46%.

Notes to the interim condensed consolidated financial information (continued)

8 Properties under development

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|----------------------------------|---|--|---|
| Cost | | | |
| At beginning of period/year | 37,198 | 36,411 | 36,411 |
| Additions during period/year (a) | 363 | 787 | 384 |
| At end of period/year | 37,561 | 37,198 | 36,795 |
| Impairment in value | | | |
| At beginning of period/year | 2,484 | 1,043 | 1,043 |
| Additions during period/year (b) | - | 1,441 | 856 |
| At end of period/year | 2,484 | 2,484 | 1,899 |
| Net book value | | | |
| At end of period/year | 35,077 | 34,714 | 34,896 |

- (a) The additions to the properties under development are mainly represented in the amounts expensed on the redevelopment of Al-Manshar Commercial and Residential Complex which is totally mortgaged against term loans (Note 10).
- (b) During the previous year, the group impaired the total cost of properties under development related to Barwa City project located in the State of Qatar for an amount of KD1,441 thousand and this was according to management estimates about the decline in the project's value.

9 Accounts receivable and other debit balances

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|--|---|--|---|
| Receivable from tenants | 1,456 | 1,477 | 1,460 |
| Staff receivable | 62 | 53 | 53 |
| Prepaid expenses | 356 | 178 | 474 |
| Due from related parties (a) | 3,568 | 2,893 | 3,382 |
| Accrued income (b) | 6,303 | - | 4,812 |
| Due from sale of investments in lands and real estate held for trading (a) | 7,088 | 7,088 | 8,412 |
| Other debit balances | 844 | 724 | 717 |
| | 19,677 | 12,413 | 19,310 |
| Provision for doubtful debts | (1,054) | (1,061) | (1,128) |
| | 18,623 | 11,352 | 18,182 |

- (a) The balances due above (from related parties and from sale of investments in lands and real estate held for trading) are mainly represented by the amounts that resulted from the sale transaction performed previously by the group for some of its real estate plots which have been invested in for trading purpose to related parties for an amount of KD9,103 thousand and other third parties for an amount of KD10,030 thousand. The group's management confirms that these due amounts are totally collectible from the concerned parties.
- (b) The balance of accrued income at the end of the current period is represented by the accrued dividends income from investments owned by the parent company and its subsidiary companies [Tamdeen Investment Company – KPSC and Manshar Real Estate Company – KSC (Closed)] mainly from its available for sale investments for an amount of KD6,303 thousand (KD Nil at 31 December 2013 and KD4,811 thousand at 31 March 2013).

Notes to the interim condensed consolidated financial information (continued)

10 Term loans

The term loans are due for repayment as follows:

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|-----------------|---|--|---|
| Within one year | 41,250 | 40,312 | 32,500 |
| Over one year | 67,500 | 67,500 | 61,250 |
| | 108,750 | 107,812 | 93,750 |

All the term loans are granted to the group by local banks. These loans are denominated in Kuwaiti Dinars with annual interest rate ranging between 1.75% to 2% (1.75% to 2% at 31 December 2013 and 1.75% to 2.5% at 31 March 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 KD65,817 thousand (KD61,883 thousand at 31 December 2013 and KD50,212 thousand at 31 March 2013) (Note 6) and mortgage of investment properties and properties under development (Note 8a).

11 Bank facilities

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

12 Accounts payable and other credit balances

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|-----------------------------------|---|--|---|
| Retentions for executed works | 135 | 131 | 149 |
| Income received in advance | 521 | 711 | 514 |
| Accrued leave and expenses | 2,661 | 2,516 | 3,091 |
| Due to related parties | 82 | 94 | 1,969 |
| Dividends payable to shareholders | 289 | 305 | 307 |
| Other credit balances | 6,237 | 6,091 | 6,052 |
| | 9,925 | 9,848 | 12,082 |

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:

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|------------------------|---|--|---|
| Cash and bank balances | 2,840 | 3,573 | 1,823 |
| Short term deposits | 913 | 1,413 | 1,743 |
| | 3,753 | 4,986 | 3,566 |

Notes to the interim condensed consolidated financial information (continued)

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

| | Real estate KD'000 | Investment KD'000 | Total KD'000 |
|---|-----------------------|----------------------|-----------------|
| Period ended at 31 March 2014 (Unaudited) | | | |
| Gross income | 1,515 | 7,546 | 9,061 |
| <hr/> | | | |
| (Loss)/profit for the period attributable to the owners of the parent company | (51) | 3,845 | 3,794 |
| <hr/> | | | |
| Total assets | 81,543 | 231,094 | 312,637 |
| Total liabilities | (83,887) | (38,088) | (121,975) |
| Non-controlling interests | - | (65,487) | (65,487) |
| Net assets employed | (2,344) | 127,519 | 125,175 |
| <hr/> | | | |
| Year ended at 31 December 2013 (Audited) | | | |
| 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) |
| Net assets employed | (2,536) | 116,353 | 113,817 |
| <hr/> | | | |
| Period ended at 31 March 2013 (Unaudited) | | | |
| Gross income | 1,722 | 5,925 | 7,647 |
| <hr/> | | | |
| (Loss)/profit for the period attributable to the owners of the parent company | (73) | 2,865 | 2,792 |
| <hr/> | | | |
| Total assets | 81,951 | 185,452 | 267,403 |
| Total liabilities | (82,673) | (34,523) | (117,196) |
| Non-controlling interests | - | (48,158) | (48,158) |
| Net assets employed | (722) | 102,771 | 102,049 |

15 Dividends and proposed remuneration

The general assembly of shareholders did not convene to approve the consolidated financial statements for the year ended 31 December 2013 and directors' proposal to distribute cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital and bonus shares dividends of 5% from the paid-up share capital to the shareholders, and to distribute a remuneration to the board of directors of amount KD50 thousand for the year ended 31 December 2013 (the general assembly of shareholders held on 26 May 2013 approved to distribute cash dividends of 8% or equivalent to 8 Kuwaiti Fils per share from the paid-up share capital to the shareholders, and to distribute a remuneration to the board of directors of amount KD70 thousand for the year ended 31 December 2012).

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:

| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
|--|---|--|---|
| Interim condensed consolidated statement of financial position | | | |
| Accounts receivable and other debit balances (Note 9a) | 3,568 | 2,893 | 3,382 |
| Accounts payable and other credit balances (Note 12) | 82 | 94 | 1,969 |
| Purchase of additional shares in associated companies (Note 7c) | - | 3,250 | - |
| <hr/> | | | |
| | Three months ended 31 March 2014 (Unaudited) KD'000 | Year ended 31 Dec. 2013 (Audited) KD'000 | Three months ended 31 March 2013 (Unaudited) KD'000 |
| Interim condensed consolidated statement of income | | | |
| Management fees income and consultancies | 136 | 441 | 96 |
| General and administrative expenses (top management salaries and remunerations) | 157 | 681 | 138 |
| Operational expenses | 180 | 636 | 151 |
| <hr/> | | | |
| | 31 March 2014 (Unaudited) KD'000 | 31 Dec. 2013 (Audited) KD'000 | 31 March 2013 (Unaudited) KD'000 |
| Contra accounts - off Interim condensed consolidated statement of financial position items | | | |
| Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC (subsidiary company) | 84,513 | 63,687 | 64,644 |

17 Commitments and contingent liabilities

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

18 Summary of financial assets and liabilities by category

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

18.1 Categories of financial assets and liabilities

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

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)

| | 31 March 2014 (Unaudited) | | 31 Dec. 2013 (Audited) | | 31 March 2013 (Unaudited) | |
|---|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| | Carrying amount KD'000 | Fair value KD'000 | Carrying amount KD'000 | Fair value KD'000 | Carrying amount KD'000 | Fair value KD'000 |
| Financial assets | | | | | | |
| Cash and cash equivalents | 3,753 | - | 4,986 | - | 3,566 | - |
| Investments at fair value through profit or loss | - | 966 | - | 904 | - | 744 |
| Accounts receivable and other debit balances | 18,623 | - | 11,352 | - | 18,182 | - |
| Available for sale investments | 10,011 | 123,561 | 9,799 | 101,858 | 10,325 | 84,148 |
| | 32,387 | 124,527 | 26,137 | 102,762 | 32,073 | 84,892 |
| Financial liabilities | | | | | | |
| Accounts payable and other credit balances | 9,925 | - | 9,848 | - | 12,082 | - |
| Term loans | 108,750 | - | 107,812 | - | 93,750 | - |
| Bank facilities | 1,325 | - | 937 | - | 9,519 | - |
| | 120,000 | - | 118,597 | - | 115,351 | - |

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 31 March 2014, 31 December 2013 and 31 March 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.

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:

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)

| | Note | Level 1 KD'000 | Level 2 KD'000 | Level 3 KD'000 | Total KD'000 |
|---|------|-------------------|-------------------|-------------------|-----------------|
| 31 March 2014 (Unaudited) | | | | | |
| Assets at fair value | | | | | |
| Investments at fair value through profit or loss: | | | | | |
| - Local managed portfolios | a | 966 | - | - | 966 |
| Available for sale investments: | | | | | |
| - Local managed portfolios | a | 399 | 2,250 | - | 2,649 |
| - Participations in local companies shares | b | 5,250 | - | - | 5,250 |
| - Participations in capital of companies located outside Kuwait | c | 111,199 | - | 4,463 | 115,662 |
| | | 117,814 | 2,250 | 4,463 | 124,527 |
| 31 December 2013 (Audited) | | | | | |
| Assets at fair value | | | | | |
| Investments at fair value through profit or loss: | | | | | |
| - Local managed portfolios | a | 904 | - | - | 904 |
| Available for sale investments: | | | | | |
| - Local managed portfolios | a | 404 | 2,250 | - | 2,654 |
| - Participations in local companies shares | b | 4,800 | - | - | 4,800 |
| - Participations in capital of companies located outside Kuwait | c | 88,821 | - | 5,583 | 94,404 |
| | | 94,929 | 2,250 | 5,583 | 102,762 |
| 31 March 2013 (Unaudited) | | | | | |
| Assets at fair value | | | | | |
| Investments at fair value through profit or loss: | | | | | |
| - Local managed portfolios | a | 744 | - | - | 744 |
| Available for sale investments: | | | | | |
| - Local managed portfolios | a | 368 | 2,250 | - | 2,618 |
| - Participations in local companies shares | b | 4,575 | - | 40 | 4,615 |
| - Participations in capital of companies located outside Kuwait | c | 71,276 | - | 5,639 | 76,915 |
| | | 76,963 | 2,250 | 5,679 | 84,892 |

Notes to the interim condensed consolidated financial information (continued)

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

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

Measurement at fair value

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

a) Local managed portfolios

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

b) Participations in local companies shares

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

c) Participations in capital of companies located outside Kuwait

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

19 Comparative figures

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