Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

31 March 2019 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its Subsidiaries (collectively the "Group") as of 31 March 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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 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. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business or financial position of the Parent Company.

Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
14 May 2019

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2019 (Unaudited) KD'000	Three months ended 31 March 2018 (Unaudited) KD'000
Revenue			
Operating revenue		**4,485**	1,468
Cost of revenue		**(1,697)**	(519)
Net income		**2,788**	949
Management and consultancy fees		**268**	250
Net income from investments	5	**9,692**	8,296
Share of results of associates		**1,369**	1,914
Foreign currency exchange gain/(loss)		**97**	(227)
Other income		**237**	-
		14,451	11,182
Expenses and other charges			
Staff costs		**1,080**	931
General, administrative and other expenses		**1,395**	823
Finance costs		**2,542**	1,600
		5,017	3,354
Profit for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST		**9,434**	7,828
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(44)**	(50)
Provision for Zakat		**(87)**	(79)
Provision for National Labour Support Tax (NLST)		**(228)**	(195)
Profit for the period		**9,075**	7,504
Attributable to :			
Owners of the Parent Company		**5,024**	4,178
Non-controlling interests		**4,051**	3,326
		9,075	7,504
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	**12.5 Fils**	10 4 Fils

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

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

	Three months ended 31 March 2019 (Unaudited) KD'000	Three months ended 31 March 2018 (Unaudited) KD'000
Profit for the period	**9,075**	7,504
Other comprehensive income:		
Items to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	**10**	(21)
Share of other comprehensive gain/(loss) of associates	**221**	(507)
	231	(528)
Items not to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:		
Net change in fair value of equity investments designated at FVOCI	**38,908**	14,573
Share of other comprehensive loss of associates	**(425)**	(616)
	38,483	13,957
Total other comprehensive income for the period	**38,714**	13,429
Total comprehensive income for the period	**47,789**	20,933
Attributable to:		
Owners of the Parent Company	**26,486**	11,394
Non-controlling interests	**21,303**	9,539
	47,789	20,933

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

Interim condensed consolidated statement of financial position

	Note	31 March 2019 (Unaudited) KD'000	31 Dec. 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Assets				
Cash and bank balances	13	**15,397**	15,590	11,887
Short term deposits	13	**25,616**	25,409	24,540
Accounts receivable and other debit balances	7	**21,135**	11,987	20,044
Investments at fair value through other comprehensive income	8	**182,847**	146,005	148,621
Trading properties under development		**59,524**	57,715	49,709
Investment properties under development		**3,738**	3,509	119,617
Investment properties	9	**154,027**	153,746	20,000
Investments in associates	10	**141,217**	140,698	140,321
Other assets		**2,928**	1,996	1,384
Total assets		**606,429**	556,655	536,123
Liabilities and equity				
Liabilities				
Due to banks		**24,959**	23,885	12,832
Term loans	11	**250,479**	247,902	239,698
Accounts payable and other credit balances	12	**38,033**	39,190	31,968
Refundable rental deposits		**8,956**	8,874	8,511
Provision for end of service indemnity		**1,316**	1,236	1,137
Total liabilities		**323,743**	321,087	294,146
Equity				
Share capital		**43,193**	43,193	43,193
Share premium		**11,132**	11,132	11,132
Treasury shares		**(11,428)**	(11,419)	(11,410)
Reserve of profit on sale of treasury shares		**756**	756	756
Legal reserve		**12,848**	12,848	12,291
Voluntary reserve		**14,246**	14,246	13,689
Foreign currency translation reserve		**411**	401	363
Cumulative changes in fair value		**70,285**	48,833	49,139
Retained earnings		**30,403**	25,940	30,639
Equity attributable to the owners of the Parent Company		**171,846**	145,930	149,792
Non-controlling interests		**110,840**	89,638	92,185
Total equity		**282,686**	235,568	241,977
Total liabilities and equity		**606,429**	556,655	536,123

Meshal Jassim Al-Marzouq
Chairman

Abdulwahab Marzouq Al-Marzouq
Vice-Chairman

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

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the Parent Company											
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-total KD'000	Non-controlling interests KD'000	Total KD'000
Balance as at 1 January 2019	43,193	11,132	(11,419)	756	12,848	14,246	401	48,833	25,940	145,930	89,638	235,568
Group's share of adjustments arising on adoption of IFRS 16 on 1 January 2019 relating to associates (refer note 3 1)	-	-	-	-	-	-	-	-	(561)	(561)	(93)	(654)
Balance as at 1 January 2019 (restated)	43,193	11,132	(11,419)	756	12,848	14,246	401	48,833	25,379	145,369	89,545	234,914
Net change in treasury shares	-	-	(9)	-	-	-	-	-	-	(9)	-	(9)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8)	(8)
Transactions with the owners	-	-	(9)	-	-	-	-	-	-	(9)	(8)	(17)
Profit for the period	-	-	-	-	-	-	-	-	5,024	5,024	4,051	9,075
Other comprehensive income for the period	-	-	-	-	-	-	10	21,452	-	21,462	17,252	38,714
Total comprehensive income for the period	-	-	-	-	-	-	10	21,452	5,024	26,486	21,303	47,789
Balance as at 31 March 2019	43,193	11,132	(11,428)	756	12,848	14,246	411	70,285	30,403	171,846	110,840	282,686

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

	Equity attributable to the owners of the Parent Company										Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Reserve of profit on sale of treasury shares	Legal reserve	Voluntary reserve	Foreign currency translation reserve	Cumulative changes in fair value	Retained earnings	Sub-total		
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance as at 1 January 2018	43,193	11,132	(11,396)	756	12,291	13,689	384	41,902	26,492	138,443	82,666	221,109
Adjustment arising on adoption of IFRS 9 on 1 January 2018	-	-	-	-	-	-	-	-	(31)	(31)	(15)	(46)
Balance as at 1 January 2018	43,193	11,132	(11,396)	756	12,291	13,689	384	41,902	26,461	138,412	82,651	221,063
Net change in treasury shares	-	-	(14)	-	-	-	-	-	-	(14)	-	(14)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Transactions with the owners	-	-	(14)	-	-	-	-	-	-	(14)	(5)	(19)
Profit for the period	-	-	-	-	-	-	-	-	4,178	4,178	3,326	7,504
Other comprehensive (loss)/income	-	-	-	-	-	-	(21)	7,237	-	7,216	6,213	13,429
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(21)	7,237	4,178	11,394	9,539	20,933
Balance as at 31 March 2018	43,193	11,132	(11,410)	756	12,291	13,689	363	49,139	30,639	149,792	92,185	241,977

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

Interim condensed consolidated statement of cash flows

	Note	**Three months *ended 31* March 2019 (Unaudited) KD'000**	Three months *ended 31* March 2018 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		**9,075**	7,504
Adjustments			
Depreciation		**91**	46
Provision for end of service indemnity		**80**	114
Dividends income		**(9,478)**	(8,195)
Interest income		**(214)**	(101)
Share of results of associates		**(1,369)**	(1,914)
Finance costs		**2,542**	1,600
		727	(946)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**328**	659
Accounts payable and other credit balances		**(987)**	1,465
Refundable rental deposits		**82**	494
End of service indemnity paid		**-**	(7)
Net cash from operating activities		**150**	1,665
INVESTING ACTIVITIES			
Purchase of investments at fair value through other comprehensive income		**-**	(177)
Proceeds from sale of investments at fair value through other comprehensive income		**2,078**	-
Additions to investment properties		**(281)**	-
Additions to investment properties under development		**(208)**	(3,083)
Additions to trading properties under development		**(1,420)**	(3,314)
Net purchase of property, plant and equipment		**(474)**	(292)
Dividends and Interest income received		**215**	75
Net cash used in investing activities		**(90)**	(6,791)
FINANCING ACTIVITIES			
Change in due to banks		**1,074**	2,311
Net change in treasury shares		**(9)**	(14)
Net proceeds from term loans		**2,577**	3,490
Cash dividends paid		**(4)**	(12)
Finance costs paid		**(3,684)**	(3,403)
Net cash (used in)/from financing activities		**(46)**	2,372
Net increase/(decrease) in cash and cash equivalents		**14**	(2,754)
Cash and cash equivalents at beginning of the period		**40,999**	39,181
Cash and cash equivalents at end of the period	13	**41,013**	36,427

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

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the Parent Company

Tamdeen Real Estate Company – KPSC (the Parent Company) was incorporated in Kuwait on 16 December 1982 in accordance with the Companies Law The Parent Company along with its subsidiaries are jointly referred to as "the Group" The Parent Company's shares are traded on the Kuwait Stock Exchange.

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

The address of the Parent Company PO Box 21816 - Safat 13079 - State of Kuwait.

The interim condensed consolidated financial information for the three-months period ended 31 March 2019 was authorised for issue by the Parent Company's board of directors on 14 May 2019

The annual consolidated financial statements for the year ended 31 December 2018 were approved by the shareholders at the Annual General Assembly Meeting held on 12 May 2019

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting"

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The 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 Parent Company's 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 expenses 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 2018, except for the changes arising from applying IFRS 16 as noted in 3 below. These include identification of whether a contract contains a lease, determine reasonable certainty of extension or termination of a lease, classification of leases, determining whether variable payments are in-substance fixed, establishing whether there are multiple leases in a single contract, determination of appropriate discount rate, and assessment of impairment.

Operating results for the three-months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019 For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2018.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 31 March 2019.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except as noted below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2019 which have been adopted by the Group. Information on these new standards is presented below

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 16 Leases	1 January 2019
IAS 28 - Amendments	1 January 2019*
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019*

* These standards and/or amendments do not have a material effect on the Group's interim condensed consolidated financial information

IFRS 16 Leases

IFRS 16 replaced IAS 17 and three related Interpretations. IFRS 16 introduced new and amended requirements with respect to accounting for leases As a result, lessee accounting is now significantly different and removes distinction between finance and operating leases It now requires recognition of a right-of-use asset and lease liability at commencement date for all leases, except for short term leases and low value leases. However, the accounting by lessor has largely remained unchanged The new accounting policy is described below.

Transition on date of initial application:

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in shareholders' equity as an adjustment to the opening balance of retained earnings for the current period Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IFRS 16 Leases (continued)

Impact on initial application:
The impact on the Group as a lessee is described below.

The Group presents right-of-use assets in "other assets" and lease liabilities in "accounts payable and other credit balances" in the interim condensed consolidated statement of financial position. The carrying value of right-of-use assets amounted to KD549 thousand and lease liabilities amounted to KD556 thousand as at 31 March 2019.

Depreciation charge for right-of-use assets and amortised cost on lease liabilities for the current period amounted to KD34 thousand and KD27 thousand and are included in "general, administrative and other expenses" and "finance costs" respectively in the interim condensed consolidated statement of profit or loss

There was no impact to the opening shareholders' equity as a result of adoption of IFRS 16 in relation to the Parent Company and the Subsidiaries However, the Group's share of the adjustments done by its associates on adoption of IFRS 16 amounted to KD561 thousand [Non-controlling interests (NCI) impact KD93 thousand] Consequently, the Group's retained earnings at 1 January 2019 declined by KD561 thousand, NCI declined by KD93 thousand and investment in associates declined by KD654 thousand.

In general, the associates have also adopted the modified retrospective application adopted by the Group The retained earnings adjustment noted in the previous paragraph arose mainly due to the fact that certain associates have measured certain right of use assets on a retrospective basis as if the new rules had always been applied.

There was no impact on adoption of IFRS 16 on the Group as a lessor. The Group continues to classify and accounts for its leases as either finance leases or operating leases. However, the standard has changed and expanded the disclosures required relating management of risks arising from the Group's residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head-lease and sub-lease as two separate contracts

New accounting policy for leases

The Group as a lessee
For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether.

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IFRS 16 Leases (continued)

The Group as a lessee (continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IFRS 16 Leases (continued)

The Group as a lessor (continued)
Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

4 Subsidiary companies

The list of the consolidated subsidiary companies of the Group is as follows

Subsidiary companies	Percentage of ownership in subsidiary companies			Country of incorporation	Principal activity	Date of incorporation	Date of control
	31 March 2019 (Unaudited) %	31 Dec 2018 (Audited) %	31 March 2018 (Unaudited) %				
Tamdeen Investment Company – KPSC*	**55.94**	55.94	55.94	Kuwait	Investment	3 March 1997	11 January 2003
Manshar Real Estate Company - KSC (Closed)	**77.97**	77.97	77.97	Kuwait	Real estate	17 March 2007	17 March 2007
Al Adiyat International Real Estate Company - KSC (Closed)	**98.98**	98.98	98.98	Kuwait	Real estate	25 June 2006	1 April 2012

* This investment is through investment portfolio with a specialized investment company

5 Net income from investments

	Three months ended 31 March 2019 (Unaudited) KD'000	Three months ended 31 March 2018 (Unaudited) KD'000
Dividends income	**9,478**	8,195
Interest income	**214**	101
	9,692	8,296

Notes to the interim condensed consolidated financial information (continued)

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

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

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	**5,024**	4,178
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	**403,389**	403,438
Basic and diluted earnings per share attributable to the owners of the Parent Company	**12.5 Fils**	10.4 Fils

7 Accounts receivable and other debit balances

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Receivable from tenants	**397**	400	548
Prepaid expenses	**936**	648	531
Due from related parties*	**2,013**	2,009	1,448
Due from sale of trading properties*	**4,950**	4,950	4,950
Advance payments to contractors	**1,475**	2,107	1,976
Advance to acquire properties	**830**	830	830
Dividend income receivable	**9,476**	-	8,239
Paid for incorporation of a subsidiary	**-**	500	500
Other debit balances	**1,397**	896	1,346
	21,474	12,340	20,368
Provision for impairment	**(339)**	(353)	(324)
	21,135	11,987	20,044

* The balances due above (from related parties and from sale of trading properties) 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 purposes 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 considers the credit risk for these amounts as low as the counterparties are reputable with no history of default and confirms that these due amounts are totally collectible from the concerned parties, and these balances are guaranteed by a related party as well

Notes to the interim condensed consolidated financial information (continued)

8 Investments at fair value through other comprehensive income

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Local managed portfolios	**89**	104	103
Participations in local companies shares	**11,352**	11,633	9,931
Participations in capital of companies located outside Kuwait	**171,406**	134,268	138,587
	182,847	146,005	148,621

Participations in capital of companies located outside Kuwait include the investments of the subsidiary Company [Tamdeen Investment Company – KPSC], in shares listed outside Kuwait These participations include investments with a total fair value of KD128,830 thousand (31 December 2018 KD93,547 thousand and 31 March 2018: KD111,349 thousand) mortgaged against term loans (Note 11).

During the current period, a subsidiary of the Group disposed part of an investment classified at fair value through other comprehensive income The fair value of the disposed shares as at the date of de-recognition is KD2,078 thousand and the Group's share of the related cumulative gain of KD903 thousand is carried in the cumulative changes in fair value (the cumulative gain carried in the cumulative changes in fair value amounted to KD1,521 thousand at 31 March 2019, KD618 thousand at 31 December 2018 and KD Nil at 31 March 2018)

Refer note 18 3 for further details relating to the carrying value and fair value of the above investments.

9 Investment properties

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Balance at beginning of the period/year	**153,746**	20,000	20,000
Transferred from investment properties under development	-	131,142	-
Additions during the period/year	**281**	2,450	-
Change in fair value during the period/year	-	154	-
Balance at end of the period/year	**154,027**	153,746	20,000

The additions to investment properties represents the costs incurred during the period/year for the redevelopment of Al Kout Complex

The investment properties [Al-Kout Mall and Hyatt Regency Al-Kout Mall (previously Al-Kout Rotana Hotel) collectively referred to as "Al-Kout Complex"] are totally mortgaged against term loans (Note 11)

Notes to the interim condensed consolidated financial information (continued)

10 Investments in associates

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

		31 March 2019 (Unaudited)			31 December 2018 (Audited)			31 March 2018 (Unaudited)		
		Ownership %			Ownership %			Ownership %		
Company's name	**Place of incorporation**	**Direct**	**Indirect***	**Value KD'000**	Direct	Indirect*	Value KD'000	Direct	Indirect*	Value KD'000
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	**30**	**-**	**45,503**	30	-	45,502	30	-	44,552
Kuwait National Cinema Company – KPSC**	Kuwait	**-**	**48**	**59,314**	-	48	58,554	-	47	58,769
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	**-**	**31**	**27,560**	-	31	27,563	-	31	27,558
Others	Kuwait & Bahrain	**-**	**-**	**8,840**	-	-	9,079	-	-	9,442
				141,217			140,698			140,321

* Indirect holding through the subsidiary [Tamdeen Investment Company – KPSC]

**A proportion of the investment in the associate is pledged against term loans (refer note 11b)

The Group's share of results of associates has been recorded based on the latest unaudited financial information prepared by the managements of these associates for the period ended 31 March 2019.

Notes to the interim condensed consolidated financial information (continued)

11 Term loans

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Term loans (a)	**250,479**	247,902	239,698
Average interest rate – range (above CBK discount rate)	**0 75%-1.5%**	0 75%-1 65%	0 75%-1.50%

a) Term loans of KD110,000 thousand (31 December 2018. KD110,000 thousand and 31 March 2018 KD105,500 thousand) are contractually due after one year, and the remaining term loans of KD140,479 thousand (31 December 2018 KD137,902 thousand and 31 March 2018: KD134,198 thousand) are maturing within one year and renewed periodically

b) The loans granted to the subsidiary companies are against the mortgage of investments in shares with a fair value of KD128,830 thousand (31 December 2018: KD93,547 thousand and 31 March 2018 KD111,349 thousand) (Note 8), mortgage of investments in associates by an amount of KD34,328 thousand (31 December 2018 KD34,124 thousand and 31 March 2018· KD28,095 thousand) (Note 10), and mortgage of investment properties (Note 9)

12 Accounts payable and other credit balances

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Retentions for executed works	**11,446**	11,272	9,775
Rental received in advance	**1,121**	1,834	3,449
Accrued leave and expenses	**4,263**	4,334	3,788
Due to related parties	**328**	294	292
Dividends payable to shareholders	**273**	334	293
Advance payments received from customers	**8,575**	8,632	8,375
Accrued construction costs	**4,712**	5,408	-
Lease liability	**556**	-	-
Provisions and other credit balances	**6,759**	7,082	5,996
	38,033	39,190	31,968

13 Cash and cash equivalents

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

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Cash and bank balances	**15,397**	15,590	11,887
Short term deposits	**25,616**	25,409	24,540
	41,013	40,999	36,427

Notes to the interim condensed consolidated financial information (continued)

14 Segmental analysis

The Group activities are concentrated in two main segments Real Estate and Investment The segments' results are reported to the top management in the Group The activities of the Group are principally carried out within the State of Kuwait; With the exception of participations in capital of companies located outside Kuwait (Note 8), all of the assets and liabilities are located inside Kuwait.

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

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 31 March 2019 (Unaudited)			
Gross income	**4,740**	**11,408**	**16,148**
(Loss)/profit for the period	**(133)**	**9,208**	**9,075**
Total assets	**236,510**	**369,919**	**606,429**
Total liabilities	**(226,332)**	**(97,411)**	**(323,743)**
Total equity	**10,178**	**272,508**	**282,686**
Period ended at 31 March 2018 (Unaudited)			
Gross income	1,702	9,999	11,701
(Loss)/profit for the period	(751)	8,255	7,504
Total assets	210,945	325,178	536,123
Total liabilities	(200,328)	(93,818)	(294,146)
Total equity	10,617	231,360	241,977

15 Appropriations

The General Assembly of shareholders held on 12 May 2019 approved the consolidated financial statements for the year ended 31 December 2018 and directors' proposal to distribute cash dividends of 10% or equivalent to 10 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 KD60 thousand for the year ended 31 December 2018 (the General Assembly of shareholders held on 11 April 2018 approved to distribute cash dividends of 12% or equivalent to 12 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 KD60 thousand for the year ended 31 December 2017).

16 Related party transactions

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

Notes to the interim condensed consolidated financial information (continued)

16 Related party transactions (continued)

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

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 7)	**2,013**	2,009	1,448
Accounts payable and other credit balances (Note 12)	**328**	294	292
Additions to investment properties, investment properties under development and trading properties under development	**97**	1,293	148

	Three months ended 31 March 2019 (Unaudited) KD'000	Year ended 31 Dec 2018 (Audited) KD'000	Three months ended 30 September 2018 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Management fees and consultancy income	**255**	978	245
Cost of revenue	**392**	1,001	137
General, administrative and other expenses	**298**	804	210
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	**204**	863	173

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (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)	**122,778**	127,376	121,234

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 KD1,711thousand (31 December 2018. KD1,711 thousand and 31 March 2018. KD1,071 thousand)

The Group had capital commitments amounting to KD3,646 thousand (31 December 2018 KD4,754 thousand and 31 March 2018: KD13,831 thousand) for its two projects classified under properties under development

Notes to the interim condensed consolidated financial information (continued)

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

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 can be categorized as follows

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	**41,013**	40,999	36,427
- Accounts receivable and other debit balances (excluding non-financial assets)*	**17,894**	7,902	16,207
	58,907	48,901	52,634
Investments at fair value through other comprehensive income	**182,847**	146,005	148,621
Total financial assets	**241,754**	194,906	201,255
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	**24,959**	23,885	12,832
-Term loans	**250,479**	247,902	239,698
- Accounts payable and other credit balances	**38,033**	39,190	31,968
- Refundable rental deposits	**8,956**	8,874	8,511
Total financial liabilities	**322,427**	319,851	293,009

* Non-financial assets represent advance payments to contractors, paid for incorporation of a subsidiary, advance to acquire properties and prepaid expenses.

18.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Investments at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in note 18 3 to the interim condensed consolidated financial information In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs are considered a reasonable approximation of their fair values.

18.3 Fair value hierarchy for financial instruments measured at fair value

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

Notes to the interim condensed consolidated financial information (continued)

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

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

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:

31 March 2019 (Unaudited) Financial assets at fair value	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	89	-	-	89
- Participations in local companies shares				
• *Quoted shares*				
• Unquoted shares	7,773	-	-	7,773
	-	-	3,579	3,579
- Participations in capital of companies located outside Kuwait				
• Quoted shares	168,046	-	-	168,046
• Unquoted shares	-	-	3,360	3,360
	175,908	-	6,939	182,847

31 December 2018 (Audited) Financial assets at fair value	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
- *Local managed portfolios*				
• Quoted shares	104	-	-	104
- Participations in local companies shares				
• Quoted shares	8,054	-	-	8,054
• Unquoted shares	-	-	3,579	3,579
- Participations in capital of companies located outside Kuwait				
• Quoted shares	130,908	-	-	130,908
• Unquoted shares	-	-	3,360	3,360
	139,066	-	6,939	146,005

Notes to the interim condensed consolidated financial information (continued)

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

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

31 March 2018 (Unaudited)	**Level 1 KD'000**	**Level 2 KD'000**	**Level 3 KD'000**	**Total KD'000**
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	103	-	-	103
- Participations in local companies shares				
• Quoted shares	6,329	-	-	6,329
• Unquoted shares	-	-	3,602	3,602
- Participations in capital of companies located outside Kuwait				
• Quoted shares	135,001	-	-	135,001
• Unquoted shares	-	-	3,586	3,586
	141,433	-	7,188	148,621

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

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

Level 3 fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

	31 March 2019 (Unaudited) KD'000	31 Dec 2018 (Audited) KD'000	31 March 2018 (Unaudited) KD'000
Balance at the beginning of period/year	**6,939**	2,314	2,314
Transfer to level 3	**-**	4,625	4,874
Balance at the end of period/year	**6,939**	6,939	7,188

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