

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

31 March 2020 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) (the “Parent Company”) and its Subsidiaries (collectively the “Group”) as of 31 March 2020 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 2020 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
12 August 2020

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2020 (Unaudited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
Revenue			
Operating revenue		4,797	4,485
Cost of revenue		(1,715)	(1,697)
Net income		3,082	2,788
Management and consultancy fees		194	268
Net income from investments	6	10,299	9,692
Share of results of associates		735	1,369
Foreign currency exchange gain		468	97
Other (loss) / income		(274)	237
		14,504	14,451
Expenses and other charges			
Staff costs		1,113	1,080
General, administrative and other expenses		864	1,395
Finance costs		2,448	2,542
		4,425	5,017
Profit for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST		10,079	9,434
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(12)	(44)
Provision for Zakat		(106)	(87)
Provision for National Labour Support Tax (NLST)		(245)	(228)
Profit for the period		9,716	9,075
Attributable to:			
Owners of the Parent Company		5,581	5,024
Non-controlling interests		4,135	4,051
		9,716	9,075
Basic and diluted earnings per share attributable to the owners of the Parent Company	7	13.9 Fils	12.5 Fils

The notes set out on pages 8 to 19 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 2020 (Unaudited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
Profit for the period	9,716	9,075
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	48	10
Share of other comprehensive (loss)/income of associates	(197)	221
	(149)	231
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	(62,207)	38,908
Share of other comprehensive loss of associates	(812)	(425)
	(63,019)	38,483
Total other comprehensive (loss)/income for the period	(63,168)	38,714
Total comprehensive (loss)/income for the period	(53,452)	47,789
Attributable to:		
Owners of the Parent Company	(30,104)	26,486
Non-controlling interests	(23,348)	21,303
	(53,452)	47,789

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Assets				
Cash and bank balances	14	11,039	9,417	15,397
Short term deposits	14	18,231	22,881	25,616
Accounts receivable and other debit balances	8	21,693	11,250	21,135
Investments at fair value through other comprehensive income	9	155,625	217,764	182,847
Trading properties under development		64,419	64,294	59,524
Investment properties under development		-	-	3,738
Investment properties	10	162,500	161,246	154,027
Investments in associates	11	146,206	146,466	141,217
Intangible assets		1,550	1,830	-
Other assets		3,602	2,831	2,928
Total assets		584,865	637,979	606,429
Liabilities and equity				
Liabilities				
Due to banks		21,519	19,065	24,959
Term loans	12	239,384	240,878	250,479
Accounts payable and other credit balances	13	37,338	37,704	38,033
Refundable rental deposits		8,320	8,522	8,956
Provision for end of service indemnity		1,417	1,471	1,316
Total liabilities		307,978	307,640	323,743
Equity				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,803)	(11,803)	(11,428)
Reserve of profit on sale of treasury shares		756	756	756
Legal reserve		13,629	13,629	12,848
Voluntary reserve		15,027	15,027	14,246
Foreign currency translation reserve		449	401	411
Cumulative changes in fair value		59,691	95,424	70,285
Retained earnings		33,474	27,893	30,403
Equity attributable to the owners of the Parent Company		165,548	195,652	171,846
Non-controlling interests		111,339	134,687	110,840
Total equity		276,887	330,339	282,686
Total liabilities and equity		584,865	637,979	606,429


Meshal Jassim Al-Marzouq
Chairman


Abdulwahab Marzouq Al-Marzouq
Vice-Chairman

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

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the Parent Company											
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub-Total KD'000	Non-controlling interests KD'000	Total KD'000
Balance as at 1 January 2020	43,193	11,132	(11,803)	756	13,629	15,027	401	95,424	27,893	195,652	134,687	330,339
Profit for the period	-	-	-	-	-	-	-	-	5,581	5,581	4,135	9,716
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	48	(35,733)	-	(35,685)	(27,483)	(63,168)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	48	(35,733)	5,581	(30,104)	(23,348)	(53,452)
Balance as at 31 March 2020	43,193	11,132	(11,803)	756	13,629	15,027	449	59,691	33,474	165,548	111,339	276,887

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

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

	Equity attributable to the owners of the Parent Company										Non- controlling interests KD'000	Total KD'000
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub- total KD'000		
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
Adjustment arising on adoption of IFRS 16 on 1 January 2019	-	-	-	-	-	-	-	-	(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

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2020 (Unaudited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		9,716	9,075
Adjustments:			
Depreciation		38	91
Provision for end of service indemnity		72	80
Dividends income		(10,192)	(9,478)
Interest and other income		(107)	(214)
Share of results of associates		(735)	(1,369)
Finance costs		2,448	2,542
		1,240	727
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(261)	328
Accounts payable and other credit balances		1,019	(987)
Refundable rental deposits		(201)	82
End of service indemnity paid		(126)	-
Net cash from operating activities		1,671	150
INVESTING ACTIVITIES			
Net additions to other assets and intangible assets		(521)	(474)
Paid for acquiring additional stake in an associate		(35)	-
Proceeds from sale of investments at fair value through other comprehensive income		-	2,078
Additions to investment properties		(1,254)	(281)
Additions to investment properties under development		-	(208)
Additions to trading properties under development		(125)	(1,420)
Dividends and interest income received		100	215
Net cash used in investing activities		(1,835)	(90)
FINANCING ACTIVITIES			
Cash dividends paid		(6)	(4)
Change in due to banks		2,454	1,074
Change in term loans		(1,494)	2,577
Net change in treasury shares		-	(9)
Finance costs paid		(3,818)	(3,684)
Net cash used in financing activities		(2,864)	(46)
Net (decrease)/increase in cash and cash equivalents		(3,028)	14
Cash and cash equivalents at beginning of the period	14	32,298	40,999
Cash and cash equivalents at end of the period	14	29,270	41,013

The notes set out on pages 8 to 19 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 2020 was authorised for issue by the Parent Company’s board of directors on 12 August 2020.

The annual consolidated financial statements for the year ended 31 December 2019 were approved by the shareholders at the Annual General Assembly Meeting held on 28 June 2020.

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2020 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.

Operating results for the three-months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2019.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 31 March 2020.

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 2019, except as noted below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020 which have been adopted by the Group. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 - Amendments	1 January 2020
IAS 1 and IAS 8 - Amendments	1 January 2020

IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only with respect to Definition of Business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

The application of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

IAS 1 and IAS 8 – Amendments

The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The application of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2019, with the exception of the impact of Covid-19 outbreak which is described below;

Notes to the interim condensed consolidated financial information (continued)

4 Judgement and estimates (continued)

Impact of COVID-19

The outbreak of Coronavirus (“COVID-19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local equity markets have experienced significant volatility and weakness. The duration and extent of the impact of the COVID-19 outbreak remains unclear at this time. Due to the consequent steps taken by the Government of Kuwait, the Group’s Malls (Al-Kout Mall and Souq Al-Kout) were temporarily closed effective from 15 March 2020 up to 30 June 2020. This has resulted in rent-free periods being given to tenants during the closure of the Malls. Management of the Group has reviewed these rent exemptions given to tenants during these exceptional circumstances experienced by the State of Kuwait due to the impact of COVID-19, and have concluded that they are within the scope of the original rent contract and are not lease modifications for the purpose of IFRS 16 - Leases, and thus decided to recognise the rent exemptions when incurred during the closure of the Group’s Malls. As of 31 March 2020, the Group’s management has reviewed the carrying value of its investment properties and trading properties under development and concluded that the carrying values of these assets as reported as of 31 December 2019 are largely unchanged as of 31 March 2020. The Group’s management has also reassessed the inputs and assumptions used for the determination of fair value of financial assets at FVTOCI, and has determined the fair value of its significant investments based on most recent market information relating to the respective investments. The Group has also considered the potential impact of the current market volatility on reported amounts of the other financial and non-financial assets (including associates) and believes that they represent management’s best assessment based on current observable information.

The Group’s management has also assessed the Group’s liquidity position and believes it has adequate resources to meet its current liabilities and to continue its business operations. As the situation is fluid and rapidly evolving, asset carrying values remain sensitive to market fluctuations, and thus management is continuously revising their assumptions, estimates and judgments and also monitoring their liquidity position as events unfold.

5 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 2020 (Unaudited) %	31 Dec. 2019 (Audited) %	31 March 2019 (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
Tamdeen Real Estate Development Company – KSC (Closed)**	33	33	-	Kuwait	Real estate	21 July 2008	1 April 2016

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

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiary companies (continued)

** Tamdeen Real Estate Development Company – KSC (Closed) was 99.99% owned by one of the Group's subsidiary companies (Tamdeen Investment Company - KPSC) as of 31 December 2018. During the last quarter of the year 2019, Tamdeen Real Estate Development Company – KSC (Closed) increased its share capital by way of issuing shares to the Group and certain new shareholders which lead to a decrease in the effective ownership percentage of the Group in the subsidiary. However, the management believes that the Group still has control over the subsidiary.

6 Net income from investments

	Three months ended 31 March 2020 (Unaudited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
Dividends income	10,192	9,478
Interest and other income	107	214
	10,299	9,692

7 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 2020 (Unaudited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
Profit for the period attributable to the owners of the Parent Company (KD'000)	5,581	5,024
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	402,130	403,389
Basic and diluted earnings per share attributable to the owners of the Parent Company	13.9 Fils	12.5 Fils

8 Accounts receivable and other debit balances

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Receivable from tenants	430	493	397
Due from related parties*	3,820	2,801	2,013
Due from sale of trading properties*	3,578	4,276	4,950
Advance payments to contractors	1,646	1,686	1,475
Dividends income receivable	10,165	-	9,476
Prepaid expenses	776	736	936
Other debit balances	1,596	1,578	2,227
	22,011	11,570	21,474
Provision for impairment	(318)	(320)	(339)
	21,693	11,250	21,135

Notes to the interim condensed consolidated financial information (continued)

8 Accounts receivable and other debit balances (continued)

* The balances due 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.

9 Investments at fair value through other comprehensive income

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Local managed portfolios	69	98	89
Participations in local companies shares	4,284	6,045	11,352
Participations in capital of companies located outside Kuwait	151,272	211,621	171,406
	155,625	217,764	182,847

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 KD123,919 thousand (31 December 2019: KD175,188 thousand and 31 March 2019: KD128,830 thousand) mortgaged against term loans (Note 12).

Refer note 19.3 for further details relating to the carrying value and fair value of the above investments.

10 Investment properties

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Balance at beginning of the period/year	161,246	153,746	153,746
Transferred from investment properties under development	-	4,309	-
Additions during the period/year	1,254	2,883	281
Change in fair value during the period/year	-	308	-
Balance at end of the period/year	162,500	161,246	154,027

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

Investment properties include certain redevelopment costs for one of its properties during the previous years totaling to KD4,309 thousand and consequently external valuations were obtained to assess the fair value of this property at 31 December 2019 taking into consideration that the property represents a B.O.T project with the Government of Kuwait and the contract term ends in 2024.

The fair value of investment properties at 31 December 2019 was determined based on valuations obtained from two independent valuers (also refer note 4)

Investment properties with a carrying value of KD158,000 thousand at 31 March 2020 (31 December 2019: KD156,746 thousand and 31 March 2019: KD154,027 thousand) [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 12).

Notes to the interim condensed consolidated financial information (continued)

11 Investments in associates

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

Company's name	Place of incorporation	31 March 2020 (Unaudited)			31 December 2019 (Audited)			31 March 2019 (Unaudited)		
		Ownership %			Ownership %			Ownership %		
		Direct	Indirect*	Value KD'000	Direct	Indirect*	Value KD'000	Direct	Indirect*	Value KD'000
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	4	49,658	30	4	50,255	30	-	45,503
Kuwait National Cinema Company – KPSC**	Kuwait	-	48	61,747	-	48	61,352	-	48	59,314
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,561	-	31	27,564	-	31	27,560
Others	Kuwait & Bahrain	-	-	7,240	-	-	7,295	-	-	8,840
				146,206			146,466			141,217

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

**A proportion of the investment in the associate is pledged against term loans (refer note 12 b).

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 2020.

Notes to the interim condensed consolidated financial information (continued)

12 Term loans

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Term loans (a)	239,384	240,878	250,479
Average interest rate – range (above CBK discount rate)	0.75% - 1.25%	0.75% - 1.5%	0.75% - 1.5%

- a) Term loans of KD80,400 thousand (31 December 2019: KD82,400 thousand and 31 March 2019: KD110,000 thousand) are contractually due after one year, and the remaining term loans of KD158,984 thousand (31 December 2019: KD158,478 thousand and 31 March 2019: KD140,479 thousand) are maturing within one year and renewed periodically.
- b) The loans granted to the subsidiary companies totalling to KD168,430 thousand (31 December 2019: KD170,430 thousand and 31 March 2019: KD181,000 thousand) are against the mortgage of investments in shares with a fair value of KD123,919 thousand (31 December 2019: KD175,188 thousand and 31 March 2019: KD128,830 thousand) (Note 9), mortgage of investments in associates by an amount of KD35,396 thousand (31 December 2019: KD35,033 thousand and 31 March 2019: KD34,328 thousand) (Note 11), and mortgage of investment properties (Note 10).

13 Accounts payable and other credit balances

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Retentions for executed works	11,842	11,735	11,446
Rental received in advance	544	718	1,121
Accrued leave and expenses	3,475	4,593	4,263
Lease liability	156	159	556
Due to related parties	630	425	328
Dividends payable to shareholders	315	322	273
Advance payments received from customers	5,574	5,415	8,575
Accrued construction costs	3,782	3,815	4,712
Payable on acquisition of intangible assets	1,611	1,881	-
Provisions and other credit balances	9,409	8,641	6,759
	37,338	37,704	38,033

14 Cash and cash equivalents

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

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Cash and bank balances	11,039	9,417	15,397
Short term deposits	18,231	22,881	25,616
	29,270	32,298	41,013

Notes to the interim condensed consolidated financial information (continued)

15 Segmental analysis

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

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

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 31 March 2020 (Unaudited)			
Gross income	4,980	11,239	16,219
Profit for the period	450	9,266	9,716
Total assets	240,990	343,875	584,865
Total liabilities	(216,372)	(91,606)	(307,978)
Total equity	24,618	252,269	276,887
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

16 Annual general assembly of the shareholders and appropriations

The General Assembly of shareholders held on 28 June 2020 approved the consolidated financial statements for the year ended 31 December 2019 and directors' proposal to distribute cash dividends of 5% or equivalent to 5 Kuwaiti Fils per share from the paid-up share capital to the shareholders (the directors' proposal was initially to distribute cash dividends of 10% but this was amended during their meeting held on 3 June 2020 to become 5%), and to pay a remuneration to the board of directors of amount KD60 thousand for the year ended 31 December 2019 (the General Assembly of shareholders held on 12 May 2019 approved 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).

17 Related party transactions

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

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions (continued)

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

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 8)	3,820	2,801	2,013
Accounts payable and other credit balances (Note 13)	630	425	328
Additions to investment properties, investment properties under development and trading properties under development	-	492	97
	Three months ended 31 March 2020 (Unaudited) KD'000	Year ended 31 Dec. 2019 (Audited) KD'000	Three months ended 31 March 2019 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Operating revenue	108	539	-
Management and consultancy fees	189	1,080	255
Cost of revenue	794	2,135	392
General, administrative and other expenses	198	1,020	298
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	248	1,012	204
	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (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)	124,039	116,665	122,778

18 Capital commitments and contingent liabilities

At the date of the interim condensed consolidated statement of financial position, the Group had contingent liabilities against letters of guarantee issued in favour of third parties of amount KD1,818 thousand (31 December 2019: KD1,818 thousand and 31 March 2019: KD1,711 thousand).

The Group had capital commitments amounting to KD1,931 thousand (31 December 2019: KD1,931 thousand and 31 March 2019: KD3,646 thousand) for its project classified under trading properties under development.

Notes to the interim condensed consolidated financial information (continued)

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

19.1 Summary of financial assets and liabilities by Category

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

	31 March 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	29,270	32,298	41,013
- Accounts receivable and other debit balances (excluding non-financial assets)*	19,271	8,828	18,724
Financial assets at fair value:			
- Investments at fair value through other comprehensive income	155,625	217,764	182,847
Total financial assets	204,166	258,890	242,584
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	21,519	19,065	24,959
- Term loans	239,384	240,878	250,479
- Accounts payable and other credit balances	37,338	37,704	38,033
- Refundable rental deposits	8,320	8,522	8,956
Total financial liabilities	306,561	306,169	322,427

* Non-financial assets represent advance payments to contractors and prepaid expenses.

19.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in note 19.3 to the interim condensed consolidated financial information. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs are considered a reasonable approximation of their fair values.

19.3 Fair value hierarchy for financial instruments measured at fair value

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

Notes to the interim condensed consolidated financial information (continued)

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

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

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:

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 March 2020 (Unaudited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	69	-	-	69
- Participations in local companies shares				
• Quoted shares	3,762	-	-	3,762
• Unquoted shares	-	-	522	522
- Participations in capital of companies located outside Kuwait				
• Quoted shares	148,719	-	-	148,719
• Unquoted shares	-	-	2,553	2,553
	152,550	-	3,075	155,625
31 December 2019 (Audited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	98	-	-	98
- Participations in local companies shares				
• Quoted shares	5,523	-	-	5,523
• Unquoted shares	-	-	522	522
- Participations in capital of companies located outside Kuwait				
• Quoted shares	209,068	-	-	209,068
• Unquoted shares	-	-	2,553	2,553
	214,689	-	3,075	217,764

Notes to the interim condensed consolidated financial information (continued)

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

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

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
31 March 2019 (Unaudited)				
Financial assets at fair value				
Investments at fair value through other comprehensive income				
- Local managed portfolios				
• Quoted shares	89	-	-	89
- Participations in local companies shares				
• Quoted shares	7,773	-	-	7,773
• Unquoted shares	-	-	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

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 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	31 March 2019 (Unaudited) KD'000
Balance at the beginning of period/year	3,075	6,939	6,939
Transfer to level 3	-	-	-
Additions during the period/year	-	10	-
Change in fair value during the period/year	-	(904)	-
Transfer out of level 3	-	(2,970)	-
Balance at the end of period/year	3,075	3,075	6,939

20 Comparative figures

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