Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 June 2018 (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 30 June 2018 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 six-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 six-month period ended 30 June 2018 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 August 2018

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 30 June 2018 (Unaudited) KD'000	Three months ended 30 June 2017 (Unaudited) KD'000	Six months ended 30 June 2018 (Unaudited) KD'000	Six months ended 30 June 2017 (Unaudited) KD'000
Revenue					
Operating revenue		**1,135**	1,988	**2,505**	4,166
Cost of revenue		**(413)**	(600)	**(932)**	(1,190)
Net income		**722**	1,388	**1,573**	2,976
Other operating income		**363**	248	**695**	545
Fees from management of investment portfolios		**8**	1	**24**	20
Net income from investments	5	**645**	64	**8,941**	8,529
Share of results of associates		**1,825**	2,415	**3,739**	4,822
Foreign currency exchange gain/(loss)		**381**	(152)	**154**	(221)
Other income		**16**	54	**16**	98
		3,960	4,018	**15,142**	16,769
Expenses and other charges					
Staff costs		**738**	504	**1,669**	1,136
General, administrative and other expenses		**906**	712	**2,053**	1,734
Finance costs		**1,699**	1,646	**3,299**	3,183
		3,343	2,862	**7,021**	6,053
Profit for the period before provision for Zakat and provision for NLST		**617**	1,156	**8,121**	10,716
Provision for Zakat		**-**	(9)	**-**	(9)
Provision for National Labour Support Tax (NLST)		**(13)**	(51)	**(13)**	(75)
Profit for the period		**604**	1,096	**8,108**	10,632
Attributable to :					
Owners of the Parent Company		**468**	1,045	**4,646**	7,063
Non-controlling interests		**136**	51	**3,462**	3,569
		604	1,096	**8,108**	10,632
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	**1.2 Fils**	2 6 Fils	**11.5 Fils**	17 4 Fils

The notes set out on pages 8 to 23 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		Six months ended	
	30 June 2018 (Unaudited) KD'000	30 June 2017 (Unaudited) KD'000	30 June 2018 (Unaudited) KD'000	30 June 2017 (Unaudited) KD'000
Profit for the period	604	1,096	8,108	10,632
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	41	(14)	20	(27)
Net change in fair value of available for sale investments during the period	-	(5,282)	-	19,605
Share of other comprehensive income/(loss) of associates	31	(1,526)	(476)	62
	72	(6,822)	(456)	19,640
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	(18,237)	-	(3,664)	-
Share of other comprehensive income/(loss) of associates	90	-	(526)	-
	(18,147)	-	(4,190)	-
Total other comprehensive (loss)/income for the period	(18,075)	(6,822)	(4,646)	19,640
Total comprehensive (loss)/income for the period	**(17,471)**	(5,726)	**3,462**	30,272
Attributable to:				
Owners of the Parent Company	(9,585)	(3,327)	1,809	18,406
Non-controlling interests	(7,886)	(2,399)	1,653	11,866
	(17,471)	(5,726)	3,462	30,272

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Assets				
Cash and bank balances	14	**21,441**	14,483	5,844
Short term deposits	14	**28,157**	24,698	17,378
Accounts receivable and other debit balances	7	**12,969**	12,539	14,707
Trading properties under development		**52,723**	46,092	36,537
Investments at fair value through other comprehensive income	8	**130,394**	-	-
Available for sale investments	8	**-**	133,870	150,287
Investment properties under development	9	**127,148**	115,379	97,013
Investment properties		**20,000**	20,000	21,280
Investments in associates	10	**137,901**	139,568	137,703
Property, plant and equipment		**1,304**	1,138	1,161
Total assets		**532,037**	507,767	481,910
Liabilities and equity				
Liabilities				
Due to banks	11	**16,013**	10,521	7,696
Term loans	12	**253,417**	236,208	211,730
Accounts payable and other credit balances	13	**34,762**	30,882	25,786
Refundable rental deposits		**8,880**	8,017	7,810
Provision for end of service indemnity		**1,174**	1,030	969
Total liabilities		**314,246**	286,658	253,991
Equity				
Share capital		**43,193**	43,193	43,193
Share premium		**11,132**	11,132	11,132
Treasury shares		**(11,410)**	(11,396)	(11,339)
Reserve of profit on sale of treasury shares		**756**	756	756
Legal reserve		**12,291**	12,291	11,429
Voluntary reserve		**13,689**	13,689	12,827
Foreign currency translation reserve		**404**	384	401
Cumulative changes in fair value		**38,617**	41,902	46,951
Retained earnings		**26,662**	26,492	26,876
Equity attributable to the owners of the Parent Company		**135,334**	138,443	142,226
Non-controlling interests		**82,457**	82,666	85,693
Total equity		**217,791**	221,109	227,919
Total liabilities and equity		**532,037**	507,767	481,910

Meshal Jassim Al-Marzouq
Chairman

Abdulwahab Marzouq Al-Marzouq
Vice-Chairman

The notes set out on pages 8 to 23 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 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 (Note 3 1)	-	-	-	-	-	-	-	-	(63)	(63)	(13)	(76)
Balance as at 1 January 2018 (restated)	43,193	11,132	(11,396)	756	12,291	13,689	384	41,902	26,429	138,380	82,653	221,033
Net change in treasury shares	-	-	(14)	-	-	-	-	-	-	(14)	-	(14)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,805)	(1,805)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(44)	(44)
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(4,841)	(4,841)	-	(4,841)
Transactions with the owners	-	-	(14)	-	-	-	-	-	(4,841)	(4,855)	(1,849)	(6,704)
Profit for the period	-	-	-	-	-	-	-	-	4,646	4,646	3,462	8,108
Other comprehensive income/(loss)	-	-	-	-	-	-	20	(2,857)	-	(2,837)	(1,809)	(4,646)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	20	(2,857)	4,646	1,809	1,653	3,462
Share of realised gain on equity investments at FVOCI of an associate	-	-	-	-	-	-	-	(428)	428	-	-	-
Balance as at 30 June 2018	**43,193**	**11,132**	**(11,410)**	**756**	**12,291**	**13,689**	**404**	**38,617**	**26,662**	**135,334**	**82,457**	**217,791**

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

	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 2017	43,193	11,132	(10,745)	756	11,429	12,827	428	35,581	24,026	128,627	75,465	204,092
Net change in treasury shares	-	-	(594)	-	-	-	-	-	-	(594)	-	(594)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,516)	(1,516)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(122)	(122)
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(4,213)	(4,213)	-	(4,213)
Transactions with the owners	-	-	(594)	-	-	-	-	-	(4,213)	(4,807)	(1,638)	(6,445)
Profit for the period	-	-	-	-	-	-	-		7,063	7,063	3,569	10,632
Other comprehensive (loss)/income	-	-	-	-	-	-	(27)	11,370	-	11,343	8,297	19,640
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(27)	11,370	7,063	18,406	11,866	30,272
Balance as at 30 June 2017	43,193	11,132	(11,339)	756	11,429	12,827	401	46,951	26,876	142,226	85,693	227,919

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2018 (Unaudited) KD'000	Six months ended 30 June 2017 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		**8,108**	10,632
Adjustments			
Depreciation		**95**	91
Provision for end of service indemnity		**161**	67
Unrealised profit from investments at fair value through profit or loss		-	(155)
Net loss on sale of investments at fair value through profit or loss		-	19
Net loss on sale of available for sale investments		-	218
Dividends income		**(8,725)**	(8,531)
Interest and other income		**(216)**	(80)
Share of results of associates		**(3,739)**	(4,822)
Finance costs		**3,299**	3,183
		(1,017)	622
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(40)**	388
Accounts payable and other credit balances		**2,606**	707
Refundable rental deposits		**863**	1,778
End of service indemnity paid		**(17)**	(9)
Net cash from operating activities		**2,395**	3,486
INVESTING ACTIVITIES			
Purchase of investments at fair value through other comprehensive income		**(187)**	-
Proceeds from sale of available for sale investments		-	209
Proceeds from sale of Investments at fair value through profit or loss		-	824
Investment in an associate		-	(470)
Additions to investment properties under development		**(9,465)**	(15,513)
Additions to trading properties under development		**(5,667)**	(7,167)
Net purchase of property, plant and equipment		**(261)**	(32)
Dividends income received		**8,335**	8,531
Dividends received from associates		**4,374**	4,136
Interest received		**216**	53
Net cash used in investing activities		**(2,655)**	(9,429)
FINANCING ACTIVITIES			
Cash dividends paid		**(4,780)**	(4,174)
Change in non-controlling interests		**(1,805)**	(1,546)
Change in due to banks		**5,492**	850
Net proceeds from term loans		**17,209**	17,240
Net change in treasury shares		**(14)**	(594)
Finance costs paid		**(5,425)**	(4,021)
Net cash from financing activities		**10,677**	7,755
Net increase in cash and cash equivalents		**10,417**	1,812
Cash and cash equivalents at beginning of the period	14	**39,181**	21,410
Cash and cash equivalents at end of the period	14	**49,598**	23,222

The notes set out on pages 8 to 23 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 six-months period ended 30 June 2018 was authorised for issue by the Parent Company's board of directors on 14 August 2018.

The annual consolidated financial statements for the year ended 31 December 2017 were approved by the shareholders at the Annual General Assembly Meeting held on 11 April 2018

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2018 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 2017, other than the amendments arising from the adoption of IFRS 9 and IFRS 15 referred to in Note 3

Operating results for the six-months period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2017.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 30 June 2018.

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 2017, except for the changes described in note 3.1 arising from the adoption of IFRS 9 "Financial Instruments: Classification and Measurement" and IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2018. 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 2018 which have been adopted by the Group. Information on these new standards is presented below

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 7 Financial Instruments Disclosures, relating to disclosures about the initial application of IFRS 9.	1 January 2018
IAS 40 Investment Property - Amendments	1 January 2018*
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018*
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018*

*These standards and/or amendments do not have a material effect on the Group's financial statements.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9, Financial Instruments effective from 1 January 2018.

The IASB published IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets IFRS 9 also provides new guidance on the application of hedge accounting.

The main areas of impact are as follows:

- the classification and measurement of the financial assets are based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment is recognised on the trade receivables and investments in debt-type assets previously classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.
- it is no longer possible to measure equity investments at cost less impairment and all such investments are instead measured at fair value. Changes in fair value are presented in profit or loss unless an irrevocable designation is made to present them in other comprehensive income.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements are presented in other comprehensive income to the extent those changes relate to own credit risk.

IFRS 9 contains six principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). The standard eliminates the IAS 39 categories of held to maturity, loans and receivables and available for sale

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 9 Financial Instruments (continued)
Further, the gains and losses on subsequent measurement of debt type financial instruments measured at Fair Value Through Other Comprehensive Income (FVOCI) are now recognised in equity and will be recycled to profit or loss on derecognition or reclassification The Group does not hold such investments at 1 January 2018.

However, gains or losses on subsequent measurement of equity type financial assets measured at FVOCI are now recognised in other comprehensive income (presented in the "cumulative change in fair value" reserve in equity), and transferred to retained earnings on derecognition and are not recycled to profit or loss Dividend income on these assets continues to be recognised in profit or loss

Based on the analysis of the Group's financial assets and liabilities as at 1 January 2018 and of the circumstances that existed at that date, management of the Group have determined the impact of implementation of IFRS 9 on the financial statements of the Group as follows:

Classification and measurement:
Management holds most debt type financial assets to hold and collect the associated cash flows and, therefore, these are to continue to be accounted for at amortised cost

Accordingly, cash and bank balances, short term deposits, accounts receivable & other debit balances are all held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Management analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Equity investments are to be measured at FVTOCI as the existing investments in equity instruments qualify for designation as FVTOCI category The gains and losses on these investments will no longer be recycled to statement of profit or loss on subsequent measurement or on derecognition. Further, these investments are no longer subject to impairment test

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets at 1 January 2018:

	Original Classification under *IAS 39*	New classification under *IFRS 9*	Original Carrying amount under *IAS 39*	Re-measurement *-ECL*	New carrying amount under *IFRS 9*
			KD'000	KD'000	KD'000
Financial assets					
Cash and bank balances	Loans & receivables	Amortised cost	14,483	-	14,483
Short term deposits	Loans & receivables	Amortised cost	24,698	-	24,698
Accounts receivable and other debit balances*	Loans & receivables	Amortised cost	8,931	(57)	8,874
Equity investments	AFS	FVOCI	133,870	-	133,870
			181,982	(57)	181,925

(AFS – Available for sale, FVOCI – Fair value through other comprehensive income).

* Excludes non-financial assets amount of KD3,608 thousand.

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 9 Financial Instruments (continued)

Classification and measurement: (continued)
The following table summarises the new measurement categories under IFRS 9 by class of financial asset as at 1 January 2018:

	IFRS 9 Categories		
	Financial assets at Fair Value Through Profit or Loss (FVTPL) KD'000	Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) KD'000	Financial Assets at Amortised cost KD'000
Cash and bank balances	-	-	14,483
Short term deposits	-	-	24,698
Accounts receivable and other debit balances	-	-	8,874
Equity investments	-	133,870	-
Balance at 1 January 2018	-	133,870	48,055

There is no impact on the financial liabilities of the Group and will continue to be measured at amortised cost.

Impairment:
The Group records expected credit losses (ECL) for debt instruments measured at amortised cost or FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Under IFRS 9, the Group measures ECL as follows:

-*12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and
-*lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group has applied simplified approach to impairment for accounts receivable (note 7) as required or permitted under the standard The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group's balances with banks are low risk and considered to be fully recoverable and hence no ECL is measured.

The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowances as follows:

	Provision as at 31 Dec. 2017 KD'000	Adjustments KD'000	Provision as at 1 Jan. 2018 KD'000
Accounts receivable and other debit balances	(267)	(57)	(324)

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 9 Financial Instruments (continued)

Summary of impact on application of IFRS 9:
As allowed by the transition provisions of IFRS 9, the Group elected not to restate comparative information for prior periods with respect to classification and measurement, and impairment requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in the retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for the comparative periods does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The implementation of IFRS 9 has resulted in the following impact:

	Balance at 31 Dec. 2017 as reported KD'000	Adjustment KD'000	Balance at 1 Jan. 2018 as restated KD'000
Assets			
Available for sale investments	133,870	(133,870)	-
Investments at fair value through other comprehensive income	-	133,870	133,870
Accounts receivable and other debit balances	8,931	(57)	8,874
*Investments in associates***	139,568	(19)	139,549

* * The adjustments to "investments in associates" represents the Group's share of the IFRS 9 impact related to the associate on 1 January 2018.

The following table analyses the impact on transition to IFRS 9 to retained earnings, non-controlling interests and total equity:

	Retained earnings KD'000	Equity attributable to the owners of the Parent Company KD'000	Non-controlling Interests KD'000	Total equity KD'000
Closing balance under IAS 39 – 31 December 2017	26,492	138,443	82,666	221,109
Impact of remeasurements:				
Recognition of expected credit losses under IFRS 9	(44)	(44)	(13)	(57)
Group's share of IFRS 9 adjustment done by associates	(19)	(19)	-	(19)
Opening balance under IFRS 9 – 1 January 2018	26,429	138,380	82,653	221,033

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 "Revenues", IAS 11 "Construction Contract" and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

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 15 Revenue from Contracts with Customers (continued)

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- Timing – whether revenue is required to be recognized over time or at a single point in time
- Variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e g. performance-based) pricing, and introducing an overall constraint on revenue
- Time value – when to adjust a contract price for a financing component
- Specific issues, including –
    - non-cash consideration and asset exchanges
    - contract costs
    - rights of return and other customer options
    - supplier repurchase options
    - warranties
    - principal versus agent
    - licencing
    - breakage
    - non-refundable upfront fees, and
    - consignment and bill-and-hold arrangements.

As the Group's revenue is mainly arising from rental income, sale of trading properties, hotel operating income and related services and income from investments, the adoption of this standard did not result in any material changes in the accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information

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
	30 June 2018 (Unaudited) %	31 Dec 2017 (Audited) %	30 June 2017 (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.

Notes to the interim condensed consolidated financial information (continued)

5 Net income from investments

	Three months ended		Six months ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)
	KD'000	*KD'000*	***KD'000***	*KD'000*
Net loss on sale of available for sale investments	-	(270)	-	(218)
Net loss on sale of investments at fair value through *profit or loss*	-	(19)	-	(19)
Unrealised (loss)/profit from investments at fair value through profit or loss	-	(16)	-	155
Dividends income	**530**	318	**8,725**	8,531
Interest and other income	**115**	51	**216**	80
	645	64	**8,941**	8,529

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		Six months ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	**468**	1,045	**4,646**	7,063
Weighted average number of the outstanding shares *(excluding treasury shares) (in thousands)*	**403,431**	404,585	**403,434**	404,837
Basic and diluted earnings per share attributable to the owners of the Parent Company	**1.2 Fils**	2 6 Fils	**11.5 Fils**	17 4 Fils

7 Accounts receivable and other debit balances

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Receivable from tenants	**429**	720	601
Cheques under collection	**779**	341	564
Staff receivable	**213**	205	183
Prepaid expenses	**522**	173	393
Due from related parties(a)	**1,421**	1,645	1,651
Due from sale of trading properties (a)	**4,950**	4,950	4,995
Advance payments to contractors (b)	**1,755**	2,435	4,428
Dividend income receivable	**389**	-	-
Paid for incorporation of a subsidiary	**750**	1,000	-
Other debit balances	**2,085**	1,337	2,200
	13,293	12,806	15,015
Provision for doubtful debts	**(324)**	(267)	(308)
	12,969	12,539	14,707

Notes to the interim condensed consolidated financial information (continued)

7 Accounts receivable and other debit balances (continued)

a) 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 confirms that these due amounts are totally collectible from the concerned parties.

b) The advance payments to contractors represent the balance out of amounts paid during the current period and the previous years to local contractors as advance payments from the total signed contract values for Al-Kout Mall project and Tamdeen Square Project, which are classified under investment properties under development and trading properties under development respectively

8 Investments

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Investments at fair value through other comprehensive income:			
Local managed portfolios	**98**	-	-
Participations in local companies shares	**10,616**	-	-
Participations in capital of companies located outside Kuwait	**119,680**	-	-
	130,394	-	-
Available for sale investments:			
Local managed portfolios	-	133	113
Participations in local companies shares	-	8,960	9,140
Participations in capital of companies located outside Kuwait	-	124,777	141,034
	-	133,870	150,287

As described in Note 3.1, on adoption of IFRS 9, the investments which were classified as available for sale were reclassified as investments at fair value through other comprehensive income

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 KD117,253 thousand (31 December 2017· KD99,940 thousand and 30 June 2017: KD92,394 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

Notes to the interim condensed consolidated financial information (continued)

9 Investment properties under development

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Cost			
At beginning of the period/year	**118,153**	80,807	80,807
Additions during the period/year	**11,769**	37,346	18,980
At end of the period/year	**129,922**	118,153	99,787
Impairment in value			
At beginning of the period/year	**2,774**	2,774	2,774
At end of the period/year	**2,774**	2,774	2,774
Net book value			
At end of the period/year	**127,148**	115,379	97,013

The additions to the investment properties under development mainly represent the amounts expensed during the period/year for the redevelopment of Al-Kout Mall project (located in Fahaheel) through one of the subsidiaries [Manshar Real Estate Company – KSC (Closed)]

Investment Properties under development with a carrying value of KD125,216 thousand (31 December 2017: KD114,209 thousand and 30 June 2017: KD96,488 thousand) [Al-Kout Mall project which is owned by the subsidiary "Manshar Real Estate Company – KSC (Closed)"] are totally mortgaged against term loans (Note 12).

Due to difficulty of obtaining a reliable fair value of the investment properties under development, the management decided to maintain the cost method for all investment properties under development until completion of development, unless there are signs of decline in the value of these properties.

Finance costs of KD1,641 thousand (31 December 2017. KD2,655 thousand and 30 June 2017: KD1,213 thousand) have been capitalized during the current period.

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

		30 June 2018 (Unaudited)			31 Dec 2017 (Audited)			30 June 2017 (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**	**-**	**43,618**	30	-	44,407	30	-	42,919
Kuwait National Cinema Company – KPSC	Kuwait	**-**	**47**	**57,388**	-	47	58,165	-	47	56,668
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	**-**	**31**	**27,557**	-	31	27,560	-	31	27,550
Others	Kuwait & Bahrain	**-**	**-**	**9,338**	-	-	9,436	-	-	10,566
				137,901			139,568			137,703

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

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 30 June 2018

Notes to the interim condensed consolidated financial information (continued)

11 Due to banks

Due to banks represent the balances of overdraft facilities which are granted to the Group by local banks to finance the working capital and the real estate activities. They are repayable on demand with annual floating interest rate which is equal to the current interest rate in the market.

12 Term loans

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Term loans (a)	**253,417**	236,208	211,730
Average interest rate – range (above CBK discount rate)	**0.75% - 1.5%**	0 75% - 1 65%	0 75% - 2%

a) Term loans of KD109,500 thousand (31 December 2017: KD102,500 thousand and 30 June 2017: KD88,500 thousand) are contractually due after one year, and the remaining term loans of KD143,917 thousand (31 December 2017 KD133,708 thousand and 30 June 2017. KD123,230 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 KD117,253 thousand (31 December 2017· KD99,940 thousand and 30 June 2017: KD92,394 thousand) (Note 8), mortgage of investments in associates by an amount of KD27,437 thousand (31 December 2017· KD27,807 thousand and 30 June 2017: KD34,329 thousand), and mortgage of investment properties and investment properties under development (Note 9).

13 Accounts payable and other credit balances

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Retentions for executed works	**10,500**	9,236	7,050
Rental received in advance	**4,332**	1,758	1,225
Accrued leave and expenses	**4,075**	4,434	3,312
Due to related parties	**621**	767	190
Dividends payable to shareholders	**299**	238	397
Advance payments received from customers	**8,438**	8,318	7,566
Provisions and other credit balances	**6,497**	6,131	6,046
	34,762	30,882	25,786

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·

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Cash and bank balances	**21,441**	14,483	5,844
Short term deposits	**28,157**	24,698	17,378
	49,598	39,181	23,222

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 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 30 June 2018 (Unaudited)			
Gross income	3,200	12,874	16,074
(Loss)/profit for the period	(1,483)	9,591	8,108
Total assets	221,528	310,509	532,037
Total liabilities	(212,090)	(102,156)	(314,246)
Total equity	9,438	208,353	217,791
Period ended at 30 June 2017 (Unaudited)			
Gross income	4,764	13,195	17,959
Profit for the period	46	10,586	10,632
Total assets	169,624	312,286	481,910
Total liabilities	(165,668)	(88,323)	(253,991)
Total equity	3,956	223,963	227,919

16 Appropriations

The General Assembly of shareholders held on 11 April 2018 approved the consolidated financial statements for the year ended 31 December 2017 and directors' proposal 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 (the General Assembly of shareholders held on 25 April 2017 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 2016).

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:

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 7)	**1,421**	1,645	1,651
Accounts payable and other credit balances (Note 13)	**621**	767	190
Acquisition of an associate	**-**	470	470
Additions to investment properties under development and trading properties under development	**1,101**	1,552	519

	Six months ended 30 June 2018 (Unaudited) KD'000	Year ended 31 Dec 2017 (Audited) KD'000	Six months ended 30 June 2017 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Management fees and consultancy income (included in other operating income)	**488**	814	400
Cost of revenue	**190**	514	309
General, administrative and other expenses	**387**	443	240
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	**386**	754	269

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (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)	**109,904**	157,735	160,125

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 KD1,605 thousand (31 December 2017: KD1,498 thousand and 30 June 2017, KD1,498 thousand).

The Group had capital commitments amounting to KD10,879 thousand (31 December 2017 KD17,914 thousand and 30 June 2017: KD31,593 thousand) for its two projects classified under 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:

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	**49,598**	39,181	23,222
- *Accounts receivable and other debit balances (excluding* prepaid expenses and advance payment to contractors and paid for incorporation of a subsidiary)	**9,942**	8,931	9,886
	59,540	*48,112*	*33,108*
Investments at fair value through other comprehensive income	**130,394**	-	-
Available for sale investments :			
-At fair value	-	129,174	144,162
-Carried at cost less impairment in value, if any	-	4,696	6,125
	-	133,870	150,287
Total financial assets	**189,934**	181,982	183,395
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	**16,013**	10,521	7,696
-Term loans	**253,417**	236,208	211,730
- Accounts payable and other credit balances	**34,762**	30,882	25,786
- Refundable rental deposits	**8,880**	8,017	7,810
Total financial liabilities	**313,072**	285,628	253,022

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 profit or loss and 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

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

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 six levels based on the significance of inputs used in measuring the fair value of the financial assets. The fair value hierarchy has the following levels

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e derived from prices)
- Level 3: inputs for the assets that are not based on observable market data (unobservable inputs).

The level within which the financial assets are classified is determined based on the lowest level of significant inputs which lead to the fair value measurement.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position according to the fair value hierarchy are as follows.

30 June 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	98	-	-	98
- Participations in local companies shares				
• Quoted shares	6,940	-	-	6,940
• Unquoted shares	-	-	3,676	3,676
- Participations in capital of companies located outside Kuwait				
• Quoted shares	116,094	-	-	116,094
• Unquoted shares	-	-	3,586	3,586
	123,132	-	7,262	130,394
31 December 2017 (Audited)				
Financial assets at fair value				
Available for sale investments				
- Local managed portfolios				
• Quoted shares	133	-	-	133
- Participations in local companies shares				
• Quoted shares	5,536	-	-	5,536
- Participations in capital of companies located outside Kuwait				
• Quoted shares	121,191	-	-	121,191
• Unquoted shares	-	-	2,314	2,314
	126,860	-	2,314	129,174

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)

30 June 2017 (Unaudited) **Financial assets at fair value**	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Available for sale investments				
- Local managed portfolios				
• Quoted shares	113	-	-	113
- Participations in local companies shares				
• Quoted shares	4,734	-	-	4,734
- Participations in capital of companies located *outside Kuwait*				
• Quoted shares	135,767	-	-	135,767
• Unquoted shares	-	-	3,548	3,548
	140,614	-	3,548	144,162

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:

	30 June 2018 (Unaudited) KD'000	31 Dec 2017 (Audited) KD'000	30 June 2017 (Unaudited) KD'000
Balance at the beginning of period/year	**2,314**	3,548	3,548
Transfer to level 3	**4,948**	7	-
Impairment in value – recognised in consolidated statement of profit or loss	-	(815)	-
Transfer out of level 3	-	(426)	-
Balance at the end of period/year	**7,262**	2,314	3,548