

Interim Condensed Consolidated Financial Information and Review Report

**Tamdeen Real Estate Company – KPSC**

**and its Subsidiaries**

**Kuwait**

30 June 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 30 June 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 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*

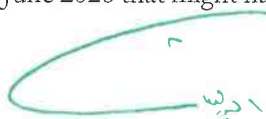
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 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		Six months ended	
		30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000	30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000
<b>Revenue</b>					
Operating revenue		698	5,345	5,495	9,830
Cost of revenue		(1,134)	(1,502)	(2,849)	(3,199)
Net (loss)/income		(436)	3,843	2,646	6,631
Management and consultancy fees		185	273	379	542
Net (loss)/income from investments	6	(2,814)	806	7,485	10,497
Share of results of associates		(3,839)	1,915	(3,104)	3,284
Change in fair value of investment properties	11	(3,000)	-	(3,000)	-
Impairment in value of trading properties under development	10	(4,000)	-	(4,000)	-
Foreign currency exchange (loss)/gain		(124)	(136)	344	(39)
Other (loss)/income		(336)	333	(610)	570
		(14,364)	7,034	140	21,485
<b>Expenses and other charges</b>					
Staff costs		813	794	1,926	1,874
General, administrative and other expenses		658	1,277	1,522	2,672
Finance costs		1,892	2,829	4,340	5,371
		3,363	4,900	7,788	9,917
<b>(Loss)/profit for the period before provision for contribution to KFAS, provision for Zakat and provision for NLST</b>		(17,727)	2,134	(7,648)	11,568
Reversal of provision/(provision) for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		12	(11)	-	(55)
Reversal of provision/(provision) for Zakat		105	(15)	(1)	(102)
Reversal of provision/(provision) for National Labour Support Tax (NLST)		242	(52)	(3)	(280)
<b>(Loss)/profit for the period</b>		(17,368)	2,056	(7,652)	11,131
<b>Attributable to:</b>					
Owners of the Parent Company		(11,672)	1,593	(6,091)	6,617
Non-controlling interests		(5,696)	463	(1,561)	4,514
		(17,368)	2,056	(7,652)	11,131
<b>Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company</b>	7	(29) Fils	4 Fils	(15.1) Fils	16.4 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		Six months ended	
	30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000	30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000
(Loss)/profit for the period	(17,368)	2,056	(7,652)	11,131
<b>Other comprehensive income:</b>				
<b>Items to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Exchange differences arising on translation of foreign operations	(7)	161	41	171
Share of other comprehensive (loss)/income of associates	(1,021)	534	(1,218)	755
	(1,028)	695	(1,177)	926
<b>Items not to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Net change in fair value of equity investments designated at FVOCI	(16,468)	9,629	(78,675)	48,537
Share of other comprehensive (loss)/income of associates	(275)	121	(1,087)	(304)
	(16,743)	9,750	(79,762)	48,233
Total other comprehensive (loss)/income for the period	(17,771)	10,445	(80,939)	49,159
<b>Total comprehensive (loss)/income for the period</b>	<b>(35,139)</b>	<b>12,501</b>	<b>(88,591)</b>	<b>60,290</b>
<b>Attributable to:</b>				
Owners of the Parent Company	(21,724)	7,498	(51,828)	33,984
Non-controlling interests	(13,415)	5,003	(36,763)	26,306
	(35,139)	12,501	(88,591)	60,290

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	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
<b>Assets</b>				
Cash and bank balances	15	33,014	9,417	14,043
Short term deposits	15	3,635	22,881	34,471
Accounts receivable and other debit balances	8	8,678	11,250	13,013
Investments at fair value through other comprehensive income	9	139,157	217,764	191,532
Trading properties under development	10	60,681	64,294	61,451
Investment properties under development		-	-	3,964
Investment properties	11	159,854	161,246	154,637
Investments in associates	12	138,136	146,466	139,773
Intangible assets		2,927	1,830	-
Other assets		4,142	2,831	3,756
<b>Total assets</b>		<b>550,224</b>	<b>637,979</b>	<b>616,640</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		23,974	19,065	25,688
Term loans	13	239,331	240,878	252,947
Accounts payable and other credit balances	14	39,320	37,704	38,736
Refundable rental deposits		8,244	8,522	8,936
Provision for end of service indemnity		1,505	1,471	1,330
<b>Total liabilities</b>		<b>312,374</b>	<b>307,640</b>	<b>327,637</b>
<b>Equity</b>				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,803)	(11,803)	(11,747)
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		442	401	572
Cumulative changes in fair value		49,646	95,424	76,029
Retained earnings		19,711	27,893	27,972
<b>Equity attributable to the owners of the Parent Company</b>		<b>141,733</b>	<b>195,652</b>	<b>175,001</b>
<b>Non-controlling interests</b>		<b>96,117</b>	<b>134,687</b>	<b>114,002</b>
<b>Total equity</b>		<b>237,850</b>	<b>330,339</b>	<b>289,003</b>
<b>Total liabilities and equity</b>		<b>550,224</b>	<b>637,979</b>	<b>616,640</b>

  
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										Non-controlling interests KD'000	Sub-Total 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				
<b>Balance as at 1 January 2020</b>	<b>43,193</b>	<b>11,132</b>	<b>(11,803)</b>	<b>756</b>	<b>13,629</b>	<b>15,027</b>	<b>401</b>	<b>95,424</b>	<b>27,893</b>		<b>134,687</b>	<b>195,652</b>	<b>330,339</b>
Dividends paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	-		(1,787)	-	(1,787)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-		(20)	-	(20)
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	(2,091)		-	(2,091)	(2,091)
Transactions with the owners	-	-	-	-	-	-	-	-	(2,091)		(1,807)	(2,091)	(3,898)
Loss for the period	-	-	-	-	-	-	-	-	(6,091)		(1,561)	(6,091)	(7,652)
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	41	(45,778)	-		(35,202)	(45,737)	(80,939)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	41	(45,778)	(6,091)		(36,763)	(51,828)	(88,591)
<b>Balance as at 30 June 2020</b>	<b>43,193</b>	<b>11,132</b>	<b>(11,803)</b>	<b>756</b>	<b>13,629</b>	<b>15,027</b>	<b>442</b>	<b>49,646</b>	<b>19,711</b>		<b>96,117</b>	<b>141,733</b>	<b>237,850</b>

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) (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 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	-	-	-	-	-	-	-	-	(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	-	-	(328)	-	-	-	-	-	-	(328)	-	(328)
Dividends paid to non-controlling interests by subsidiary	-	-	-	-	-	-	-	-	-	-	(1,787)	(1,787)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(62)	(62)
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	(4,024)	(4,024)	-	(4,024)
Transactions with the owners	-	-	(328)	-	-	-	-	-	(4,024)	(4,352)	(1,849)	(6,201)
Profit for the period	-	-	-	-	-	-	-	-	6,617	6,617	4,514	11,131
Other comprehensive income for the period	-	-	-	-	-	-	171	27,196	-	27,367	21,792	49,159
Total comprehensive income for the period	-	-	-	-	-	-	171	27,196	6,617	33,984	26,306	60,290
Balance as at 30 June 2019	43,193	11,132	(11,747)	756	12,848	14,246	572	76,029	27,972	175,001	114,002	289,003

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	Six months ended 30 June 2020 (Unaudited) KD'000	Six months ended 30 June 2019 (Unaudited) KD'000
<b>OPERATING ACTIVITIES</b>			
(Loss)/profit for the period		(7,652)	11,131
Adjustments:			
Depreciation and amortization		901	183
Provision for end of service indemnity		178	96
Change in fair value of investment properties		3,000	-
Impairment in value of trading properties under development		4,000	-
Impairment in value of investments in associates		2,909	-
Dividends income		(10,273)	(10,036)
Interest and other income		(121)	(461)
Share of results of associates		3,104	(3,284)
Finance costs		4,340	5,371
		386	3,000
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable and other debit balances		2,653	(1,026)
Accounts payable and other credit balances		(383)	(1,631)
Refundable rental deposits		(278)	62
End of service indemnity paid		(144)	(2)
<b>Net cash from operating activities</b>		<b>2,234</b>	<b>403</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of investments at fair value through other comprehensive income		-	3,518
Additions to investment properties		(1,608)	(891)
Additions to investment properties under development		-	(411)
Additions to intangible assets		(2,400)	-
Additions to trading properties under development		(387)	(3,100)
Paid for acquiring additional stake in an associate		(35)	-
Additions to other assets		(1,310)	(1,241)
Dividends income received		10,192	10,036
Dividends received from associates		-	4,004
Interest income received		95	461
<b>Net cash from investing activities</b>		<b>4,547</b>	<b>12,376</b>
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid		(6)	(3,919)
Cash dividends paid to non-controlling interests by subsidiary		-	(1,787)
Change in due to banks		4,909	1,803
Change in term loans		(1,547)	5,045
Net change in treasury shares		-	(328)
Finance costs paid		(5,786)	(6,078)
<b>Net cash used in financing activities</b>		<b>(2,430)</b>	<b>(5,264)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,351</b>	<b>7,515</b>
Cash and cash equivalents at beginning of the period	15	32,298	40,999
<b>Cash and cash equivalents at end of the period</b>	<b>15</b>	<b>36,649</b>	<b>48,514</b>

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 six-months period ended 30 June 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 six-month period ended 30 June 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 six-months period ended 30 June 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 30 June 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.

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

## 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

##### *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;

#### **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

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

### 4 Judgement and estimates (continued)

#### Impact of COVID-19 (continued)

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. Based on the currently available information, the Group's management has assessed its investment properties and have concluded that there is no significant decline in the carrying value except for the decline mentioned in note 11. Further the Group's management has also reassessed whether there is any decline in value in its trading properties under development and have concluded that there is a decline in value (refer note 10). These decline in values have been recognised as losses in this interim condensed consolidated financial information.

The Group's management has 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 (refer note 12 for details related to impairment losses recognized on associates and the related assumptions, estimates & judgements).

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
	30 June 2020 (Unaudited) %	31 Dec. 2019 (Audited) %	30 June 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



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

### 5 Subsidiary companies (continued)

- \* This investment is through investment portfolio with a specialized investment company.
- \*\* 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 (loss)/income from investments

	Three months ended		Six months ended	
	30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000	30 June 2020 (Unaudited) KD'000	30 June 2019 (Unaudited) KD'000
Dividends income	81	558	10,273	10,036
Interest and other income	14	248	121	461
	95	806	10,394	10,497
Impairment in value of investments in associates (Note 12)	(2,909)	-	(2,909)	-
	(2,814)	806	7,485	10,497

### 7 Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/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 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD'000)	(11,672)	1,593	(6,091)	6,617
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	402,130	402,479	402,130	402,932
Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company	(29) Fils	4 Fils	(15.1) Fils	16.4 Fils

### 8 Accounts receivable and other debit balances

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Receivable from tenants	620	493	807
Prepaid expenses	494	736	1,305
Due from related parties*	2,025	2,801	2,013
Due from sale of trading properties*	3,258	4,276	4,950
Advance payments to contractors	1,365	1,686	2,391
Dividends income receivable	81	-	114
Paid for incorporation of a subsidiary	-	-	149
Other debit balances	1,160	1,578	1,706
	9,003	11,570	13,435
Provision for impairment	(325)	(320)	(422)
	8,678	11,250	13,013

## 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

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Local managed portfolios	73	98	84
Participations in local companies shares	5,574	6,045	10,906
Participations in capital of companies located outside Kuwait	133,510	211,621	180,542
	<b>139,157</b>	<b>217,764</b>	<b>191,532</b>

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 KD107,775 thousand (31 December 2019: KD175,188 thousand and 30 June 2019: KD143,379 thousand) mortgaged against term loans (Note 13).

Refer note 20.3 for further details relating to the carrying value and fair value of the above investments.

### 10 Trading properties under development

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Balance at beginning of the period/year	64,294	57,715	57,715
Additions during the period/year*	387	6,579	3,736
Impairment in value**	(4,000)	-	-
<b>Balance at end of the period/year</b>	<b>60,681</b>	<b>64,294</b>	<b>61,451</b>

- \* The additions to trading properties under development during the period/year represent the construction and development cost incurred for Tamdeen Square Project (located in Sabah Al-Salem) for construction of investment residential towers. Finance costs of KD Nil (31 December 2019: KD442 thousand and 30 June 2019: KD361 thousand) have been capitalized during the period.

- \*\* During the current period, the Group's management decided to reassess the fair value of its trading properties under development through an independent real estate valuer as of 30 June 2020 due to the current market volatility arising from COVID-19. Consequently, the valuations obtained from the valuer resulted in a decline in value by KD4,000 thousand (also refer Note 4).

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

### 11 Investment properties

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 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	1,608	2,883	891
Change in fair value during the period/year	(3,000)	308	-
<b>Balance at end of the period/year</b>	<b>159,854</b>	<b>161,246</b>	<b>154,637</b>

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

The fair value of investment properties at 31 December 2019 was determined based on valuations obtained from two independent valuers. Investment properties are represented by the carrying values of Al-Kout Mall and Hyatt Regency Al-Kout Mall (collectively referred to as “Al-Kout Complex”) and carrying value of Souq Al-Kout of KD1,500 thousand at 30 June 2020 (KD4,500 thousand at 31 December 2019 and KD Nil at 30 June 2019) which is subject to a B.O.T contract with the Government of Kuwait where the contract terms end in 2024.

During the current period, the Group’s management decided to reassess the fair value of its investment properties as of 30 June 2020 due to the current market volatility arising from COVID-19. Consequently, management assessed the fair value of both properties based on estimated future cashflows and concluded that only one of the properties which is subject to a BOT contract has declined in value by KD3,000 thousand (refer Note 4), and this change in fair value has been recognised as a loss in these interim condensed consolidated financial information.

Investment properties with a carrying value of KD158,354 thousand at 30 June 2020 (31 December 2019: KD156,746 thousand and 30 June 2019: KD154,637 thousand) [“Al-Kout Complex”] are totally mortgaged against term loans (Note 13).



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

### 12 Investments in associates

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

Company's name	Place of incorporation	30 June 2020 (Unaudited)			31 December 2019 (Audited)			30 June 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	47,184	30	4	50,255	30	-	44,615
Kuwait National Cinema Company – KPSC****	Kuwait	-	48	59,107	-	48	61,352	-	48	58,670
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,559	-	31	27,564	-	31	27,560
Others****	Kuwait & Bahrain	-	-	4,286	-	-	7,295	-	-	8,928
				138,136			146,466			139,773

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

\*\* A proportion of the investment in the associate, Kuwait National Cinema Company – KPSC, is pledged against term loans (refer Note 13 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 30 June 2020.

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

### 12 Investments in associates (continued)

\*\*\*\* The Group's management has updated the impairment studies of the associates. Impairment is assessed for the entire carrying value of the Group's investments in the associates including goodwill, therefore no impairment study for goodwill was required independently. The recovery value of the investment in associates had been determined, based on value in use calculations, using cash flow projections based on financial budgets as follows:

	2020	2019
<b>Kuwait National Cinema Co. KSCP</b>		
Financial budgets cover period (years)	2020-2024	2020-2023
Discount rate (weighted average cost of capital)	10%	10%
Terminal growth rate	2.75%	2.75%
<b>British Industries for Printing and Packaging KSCC</b>		
Financial budgets cover period (years)	2020-2024	2020-2023
Discount rate (weighted average cost of capital)	4.81%	5.72%
<b>BW British for Printing Company - KSCC</b>		
Financial budgets cover period (years)	2020-2024	-
Discount rate (weighted average cost of capital)	4.92%	-

The discount rate reflects the current market assessment of risks specific to associates.

Management believes that the carrying amount of the investment in Kuwait National Cinema Company is not impaired based on assessment of its recoverable value estimated using the value in-use method. The Group recorded impairment losses of KD2,909 thousand in the interim condensed consolidated statement of profit or loss for the current period for its investments in associates, "British Industries for Printing and Packaging Company" and "BW British for Printing Company" based on estimated recoverable values (refer note 4).

### 13 Term loans

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Term loans (a)	239,331	240,878	252,947
Average interest rate – range (above CBK discount rate)	0.75% - 1.5%	0.75% - 1.5%	0.75% - 1.5%

- Term loans of KD81,400 thousand (31 December 2019: KD82,400 thousand and 30 June 2019: KD110,000 thousand) are contractually due after one year, and the remaining term loans of KD157,931 thousand (31 December 2019: KD158,478 thousand and 30 June 2019: KD142,947 thousand) are maturing within one year and renewed periodically.
- The loans granted to the subsidiary companies totalling to KD168,418 thousand (31 December 2019: KD170,430 thousand and 30 June 2019: 167,980 thousand) are against the mortgage of investments in shares with a fair value of KD107,775 thousand (31 December 2019: KD175,188 thousand and 30 June 2019: KD143,379 thousand) (Note 9), mortgage of investments in associates by an amount of KD27,799 thousand (31 December 2019: KD35,033 thousand and 30 June 2019: KD34,192 thousand) (Note 12), and mortgage of investment properties (Note 11).

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

### 14 Accounts payable and other credit balances

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Retentions for executed works	11,554	11,735	11,590
Rental received in advance	550	718	805
Accrued leave and expenses	1,841	4,593	4,720
Lease liability	157	159	730
Due to related parties	804	425	334
Dividends payable to shareholders of Parent Company and non-controlling interests	4,192	322	426
Advance payments received from customers	5,887	5,415	8,602
Accrued construction costs	3,556	3,815	4,643
Payable on acquisition of intangible assets	1,341	1,881	-
Provisions and other credit balances	9,438	8,641	6,886
	<b>39,320</b>	<b>37,704</b>	<b>38,736</b>

### 15 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 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
Cash and bank balances	33,014	9,417	14,043
Short term deposits	3,635	22,881	34,471
	<b>36,649</b>	<b>32,298</b>	<b>48,514</b>

### 16 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
<b>Period ended at 30 June 2020 (Unaudited)</b>			
Gross income	2,858	131	2,989
(Loss)/profit for the period	(8,787)	1,135	(7,652)
Total assets	233,268	316,956	550,224
Total liabilities	(217,711)	(94,663)	(312,374)
<b>Total equity</b>	<b>15,557</b>	<b>222,293</b>	<b>237,850</b>

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

### 16 Segmental analysis (continued)

	Real estate KD'000	Investment KD'000	Total KD'000
Period ended at 30 June 2019 (Unaudited)			
Gross income	10,345	14,339	24,684
Profit for the period	788	10,343	11,131
Total assets	239,105	377,535	616,640
Total liabilities	(228,192)	(99,445)	(327,637)
<b>Total equity</b>	<b>10,913</b>	<b>278,090</b>	<b>289,003</b>

### 17 Annual general assembly of 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).

### 18 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.

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

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
<b>Interim condensed consolidated statement of financial position</b>			
Accounts receivable and other debit balances (Note 8)	2,025	2,801	2,013
Accounts payable and other credit balances (Note 14)	804	425	334
Additions to investment properties, investment properties under development and trading properties under development	185	492	229
	<b>Six months ended 30 June 2020 (Unaudited) KD'000</b>	<b>Year ended 31 Dec. 2019 (Audited) KD'000</b>	<b>Six months ended 30 Jun 2019 (Unaudited) KD'000</b>
<b>Interim condensed consolidated statement of profit or loss</b>			
Operating revenue	111	539	163
Management and consultancy fees	370	1,080	529
Cost of revenue	1,181	2,135	807
General, administrative and other expenses	358	1,020	504
<b>Benefits of key management personnel of the Group:</b>			
Short term employee benefits and board of directors' remuneration	511	1,012	355

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

### 18 Related party transactions (continued)

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 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)	91,979	116,665	110,705

### 19 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 30 June 2019: KD1,711 thousand).

The Group had capital commitments amounting to KD1,931 thousand (31 December 2019: KD1,931 thousand and 30 June 2019: KD2,466 thousand) for its project classified under trading properties under development.

### 20 Summary of financial assets and liabilities by category and fair value measurement

#### 20.1 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 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 2019 (Unaudited) KD'000
<b>Financial assets</b>			
<b>Financial assets at amortised cost:</b>			
- Cash and cash equivalents	36,649	32,298	48,514
- Accounts receivable and other debit balances (excluding non-financial assets)*	6,819	8,828	9,168
<b>Financial assets at fair value:</b>			
- Investments at fair value through other comprehensive income	139,157	217,764	191,532
<b>Total financial assets</b>	<b>182,625</b>	<b>258,890</b>	<b>249,214</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost:</b>			
- Due to banks	23,974	19,065	25,688
- Term loans	239,331	240,878	252,947
- Accounts payable and other credit balances	39,320	37,704	38,736
- Refundable rental deposits	8,244	8,522	8,936
<b>Total financial liabilities</b>	<b>310,869</b>	<b>306,169</b>	<b>326,307</b>

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



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

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

#### 20.2 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 20.3 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.

#### 20.3 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 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
<b>30 June 2020 (Unaudited)</b>				
<b>Financial assets at fair value</b>				
<b>Investments at fair value through other comprehensive income</b>				
- Local managed portfolios				
• Quoted shares	73	-	-	73
- Participations in local companies shares				
• Quoted shares	5,052	-	-	5,052
• Unquoted shares	-	-	522	522
- Participations in capital of companies located outside Kuwait				
• Quoted shares	130,957	-	-	130,957
• Unquoted shares	-	-	2,553	2,553
	<b>136,082</b>	<b>-</b>	<b>3,075</b>	<b>139,157</b>

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

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

#### 20.3 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
<b>31 December 2019 (Audited)</b>				
<b>Financial assets at fair value</b>				
<b>Investments at fair value through other comprehensive income</b>				
- 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
<b>30 June 2019 (Unaudited)</b>				
<b>Financial assets at fair value</b>				
<b>Investments at fair value through other comprehensive income</b>				
- Local managed portfolios				
• Quoted shares	84	-	-	84
- Participations in local companies shares				
• Quoted shares	7,327	-	-	7,327
• Unquoted shares	-	-	3,579	3,579
- Participations in capital of companies located outside Kuwait				
• Quoted shares	177,125	-	-	177,125
• Unquoted shares	-	-	3,417	3,417
	184,536	-	6,996	191,532

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.



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

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

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

##### Level 3 fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

	30 June 2020 (Unaudited) KD'000	31 Dec. 2019 (Audited) KD'000	30 June 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)	57
Transfer out of level 3	-	(2,970)	-
<b>Balance at the end of period/year</b>	<b>3,075</b>	<b>3,075</b>	<b>6,996</b>

### 21 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.