

Interim Condensed Consolidated Financial Information and Review Report

Tamdeen Real Estate Company – KPSC

and its Subsidiaries

Kuwait

30 September 2017 (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 September 2017 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 nine-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

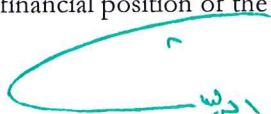
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 nine-month period ended 30 September 2017 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
7 November 2017

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016
		(Unaudited) KD'000	(Unaudited) KD'000	(Unaudited) KD'000	(Unaudited) KD'000
Revenue					
Operating revenue		1,844	1,917	6,010	6,269
Cost of revenue		(746)	(663)	(1,882)	(2,232)
Net income		1,098	1,254	4,128	4,037
Other operating income		283	244	828	805
Fees from management of investment portfolios		14	19	34	53
Net (loss)/income from investments	5	(169)	26	8,360	9,592
Share of results of associates		1,985	2,207	6,807	6,306
Gain on sale of investment in an associate	10	1,445	-	1,445	-
Foreign currency exchange loss		(51)	(23)	(272)	(60)
Other (loss)/income		(10)	190	34	675
		4,595	3,917	21,364	21,408
Expenses and other charges					
Staff costs		624	511	1,760	1,911
General and administrative expenses		746	716	2,480	2,698
Finance costs		1,681	1,503	4,864	4,451
		3,051	2,730	9,104	9,060
Profit for the period before contribution to KFAS, provision for Zakat and provision for NLST		1,544	1,187	12,260	12,348
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(1)	-	(1)	-
Provision for Zakat		-	(1)	(9)	(1)
Provision for National Labour Support Tax (NLST)		(17)	(26)	(92)	(78)
Profit for the period		1,526	1,160	12,158	12,269
Attributable to :					
Owners of the Parent Company		1,426	1,061	8,489	8,214
Non-controlling interests		100	99	3,669	4,055
		1,526	1,160	12,158	12,269
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	3.5 Fils	2.6 Fils	21 Fils	20.2 Fils

The notes set out on pages 8 to 18 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		Nine months ended	
	30 Sept. 2017 (Unaudited) KD'000	30 Sept. 2016 (Unaudited) KD'000	30 Sept. 2017 (Unaudited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Profit for the period	1,526	1,160	12,158	12,269
Other comprehensive income:				
<i>Items that may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	(12)	(2)	(39)	(28)
Available for sale investments:				
- Net change in fair value during the period	4,398	184	24,003	(3,669)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(1,119)	-	(1,119)	(771)
Share of other comprehensive loss of associates	(216)	(1,375)	(154)	(999)
Total other comprehensive income/(loss)	3,051	(1,193)	22,691	(5,467)
Total comprehensive income/(loss) for the period	4,577	(33)	34,849	6,802
Attributable to:				
Owners of the Parent Company	2,616	(205)	21,022	4,842
Non-controlling interests	1,961	172	13,827	1,960
	4,577	(33)	34,849	6,802

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Assets				
Cash and bank balances	14	12,966	13,234	12,838
Short term deposits	14	17,336	8,176	7,468
Investments at fair value through profit or loss		-	688	681
Accounts receivable and other debit balances	7	12,642	15,069	15,665
Available for sale investments	8	147,595	130,984	128,231
Trading properties under development		40,513	29,370	27,256
Investment properties under development	9	104,682	78,033	73,722
Investment properties		21,280	21,280	21,280
Investments in associates	10	138,645	136,491	128,961
Property, plant and equipment		1,131	1,220	20,762
Total assets		496,790	434,545	436,864
Liabilities and equity				
Liabilities				
Due to banks	11	8,201	6,846	6,685
Term loans	12	220,720	194,490	194,086
Accounts payable and other credit balances	13	26,201	22,174	20,831
Refundable rental deposits		8,225	6,032	5,320
Provision for end of service indemnity		1,000	911	1,446
Total liabilities		264,347	230,453	228,368
Equity				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,381)	(10,745)	(10,241)
Reserve of profit on sale of treasury shares		756	756	756
Legal reserve		11,429	11,429	10,676
Voluntary reserve		12,827	12,827	12,074
Foreign currency translation reserve		389	428	378
Cumulative changes in fair value		48,153	35,581	33,875
Retained earnings		28,302	24,026	26,227
Equity attributable to the owners of the Parent Company		144,800	128,627	128,070
Non-controlling interests		87,643	75,465	80,426
Total equity		232,443	204,092	208,496
Total liabilities and equity		496,790	434,545	436,864

Meshaal Jassim Al-Marzouq
Chairman

Abdulwahab Marzouq Al-Marzouq
Vice-Chairman

The notes set out on pages 8 to 18 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											
	Reserve of				Foreign							
	Share capital	Share premium	Treasury shares	profit on sale of treasury shares	Legal reserve	Voluntary reserve	currency translation reserve	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance as at 1 January 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	-	-	(636)	-	-	-	-	-	-	(636)	-	(636)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,516)	(1,516)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(133)	(133)
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(4,213)	(4,213)	-	(4,213)
Transactions with the owners	-	-	(636)	-	-	-	-	-	(4,213)	(4,849)	(1,649)	(6,498)
Profit for the period	-	-	-	-	-	-	-	-	8,489	8,489	3,669	12,158
Other comprehensive (loss)/income	-	-	-	-	-	-	(39)	12,572	-	12,533	10,158	22,691
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(39)	12,572	8,489	21,022	13,827	34,849
Balance as at 30 September 2017	43,193	11,132	(11,381)	756	11,429	12,827	389	48,153	28,302	144,800	87,643	232,443

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 2016	41,136	11,132	(9,625)	756	10,676	12,074	406	37,219	24,094	127,868	79,911	207,779
Net change in treasury shares	-	-	(616)	-	-	-	-	-	-	(616)	-	(616)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2	2
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(4,024)	(4,024)	-	(4,024)
Bonus shares (Note 16)	2,057	-	-	-	-	-	-	-	(2,057)	-	-	-
Transactions with the owners	2,057	-	(616)	-	-	-	-	-	(6,081)	(4,640)	(1,445)	(6,085)
Profit for the period	-	-	-	-	-	-	-	-	8,214	8,214	4,055	12,269
Other comprehensive loss	-	-	-	-	-	-	(28)	(3,344)	-	(3,372)	(2,095)	(5,467)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(28)	(3,344)	8,214	4,842	1,960	6,802
Balance as at 30 September 2016	43,193	11,132	(10,241)	756	10,676	12,074	378	33,875	26,227	128,070	80,426	208,496

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2017 (Unaudited) KD'000	Nine months ended 30 Sept. 2016 (Unaudited) KD'000
OPERATING ACTIVITIES			
Profit for the period		12,158	12,269
Adjustments:			
Depreciation		137	727
Provision for end of service indemnity		112	146
Unrealised (gain)/loss from investments at fair value through profit or loss		(156)	22
Net loss on sale of investments at fair value through profit or loss		19	-
Net gain on sale of available for sale investments		(961)	(1,709)
Impairment in value of available for sale investments		1,734	500
Share of results of associates		(6,807)	(6,306)
Gain on sale of investment in an associate		(1,445)	-
Dividends income		(8,861)	(8,380)
Interest income		(135)	(24)
Finance costs		4,864	4,451
		659	1,696
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		2,456	3,324
Accounts payable and other credit balances		966	8,533
Refundable rental deposits		2,193	2,697
End of service indemnity paid		(23)	(24)
Net cash from operating activities		6,251	16,226
INVESTING ACTIVITIES			
Net purchase of available for sale investments		-	(798)
Proceeds from sale of available for sale investments		5,514	2,419
Proceeds from sale of investments at fair value through profit or loss		825	-
Proceeds from sale of investment in an associate		2,265	-
Investment in an associate		(470)	-
Net cash inflow resulting from acquisition of a subsidiary		-	2,210
Additions to trading properties under development		(10,113)	(7,226)
Additions to investment properties under development		(22,683)	(19,338)
Net purchase of property, plant and equipment		(48)	(94)
Dividends income received		8,861	8,380
Dividends received from associates		4,136	4,136
Interest income received		106	24
Net cash used in investing activities		(11,607)	(10,287)
FINANCING ACTIVITIES			
Cash dividends paid		(4,203)	(4,001)
Change in non-controlling interests		(1,556)	(1,445)
Change in due to banks		1,355	(1,594)
Change in term loans		26,230	14,799
Net change in treasury shares		(636)	(616)
Finance costs paid		(6,942)	(5,631)
Net cash from financing activities		14,248	1,512
Net increase in cash and cash equivalents		8,892	7,451
Cash and cash equivalents at beginning of the period	14	21,410	12,855
Cash and cash equivalents at end of the period	14	30,302	20,306

The notes set out on pages 8 to 18 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 nine-months period ended 30 September 2017 was authorised for issue by the Parent Company’s board of directors on 7 November 2017.

The annual consolidated financial statements for the year ended 31 December 2016 were approved by the shareholders at the Annual General Assembly Meeting held on 25 April 2017.

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2017 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 2016.

Operating results for the nine-months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2016.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 30 September 2017.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

New and amended standards adopted by the Group

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted new accounting pronouncements which have become effective for the first time in 2017, none of which had any significant impact on the Group's results or consolidated financial position. These are:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 7 Statement of Cash Flows- Amendments	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses - Amendments	1 January 2017
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2017

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 Sept. 2017 (Unaudited) %	31 Dec. 2016 (Audited) %	30 Sept. 2016 (Unaudited) %				
Tamdeen Investment Company – KPSC*	55.94	55.94	55.94	Kuwait	Investment	3 March 1997	11 January 2003
Manshar Real Estate Company - KSC (Closed)	77.97	77.97	77.97	Kuwait	Real estate	17 March 2007	17 March 2007
Al Adiyat International Real Estate Company - KSC (Closed)	98.98	98.98	98.98	Kuwait	Real estate	25 June 2006	1 April 2012

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

5 Net (loss)/income from investments

	Three months ended		Nine months ended	
	30 Sept. 2017 (Unaudited) KD'000	30 Sept. 2016 (Unaudited) KD'000	30 Sept. 2017 (Unaudited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Net gain on sale of available for sale investments	1,179	-	961	1,709
Net loss on sale of investments at fair value through profit or loss	-	-	(19)	-
Unrealised gain/(loss) from investments at fair value through profit or loss	-	7	156	(22)
Impairment in value of available for sale investments (Note 19.1)	(1,734)	-	(1,734)	(500)
Dividends income	330	-	8,861	8,380
Interest and other income	56	19	135	25
	(169)	26	8,360	9,592

Notes to the interim condensed consolidated financial information (continued)

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

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

	Three months ended		Nine months ended	
	30 Sept. 2017 (Unaudited)	30 Sept. 2016 (Unaudited)	30 Sept. 2017 (Unaudited)	30 Sept. 2016 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	1,426	1,061	8,489	8,214
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	403,559	406,232	404,406	406,356
Basic and diluted earnings per share attributable to the owners of the Parent Company	3.5 Fils	2.6 Fils	21 Fils	20.2 Fils

7 Accounts receivable and other debit balances

	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Receivable from tenants	690	576	474
Cheques under collection	70	879	-
Staff receivable	196	194	89
Prepaid expenses	427	152	408
Due from related parties(a)	1,668	1,712	1,616
Due from sale of trading properties (a)	4,950	5,095	5,291
Advance payments to contractors (b)	3,597	5,894	5,788
Other debit balances	1,391	928	2,276
	12,989	15,430	15,942
Provision for doubtful debts	(347)	(361)	(277)
	12,642	15,069	15,665

- 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 purpose to related parties for an amount of KD9,103 thousand and other third parties for an amount of KD10,030 thousand. The Group's management confirms that these due amounts are totally collectible from the concerned parties.
- b) The 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.

Notes to the interim condensed consolidated financial information (continued)

8 Available for sale investments

	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Local managed portfolios	117	110	-
Participations in local companies shares	9,435	8,522	8,397
Participations in capital of companies located outside Kuwait	138,043	122,352	119,834
	147,595	130,984	128,231

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 KD114,546 thousand (31 December 2016: KD73,177 thousand and 30 September 2016: KD71,462 thousand) mortgaged against term loans (Note 12).

Refer note 19 for further details relating to the carrying value and fair value of the above investments.

9 Investment properties under development

	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Cost			
At beginning of the period/year	80,807	56,046	56,046
Additions during the period/year	26,649	24,761	20,450
At end of the period/year	107,456	80,807	76,496
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	104,682	78,033	73,722

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 KD103,970 thousand (31 December 2016: KD77,658 thousand and 30 September 2016: KD73,454 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 the implementation stages are completed, unless there are signs of decline in the value of these properties.

Finance costs of KD1,910 thousand (31 December 2016: KD1,544 thousand and 30 September 2016: KD1,112 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:

Company's name	Place of incorporation	30 September 2017 (Unaudited)			31 Dec. 2016 (Audited)			30 September 2016 (Unaudited)		
		Ownership %		Value KD'000	Ownership %		Value KD'000	Ownership %		Value KD'000
		Direct	Indirect*		Direct	Indirect*		Direct	Indirect*	
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	-	43,448	30	-	42,911	30	-	42,118
Kuwait National Cinema Company – KPSC	Kuwait	-	47	58,018	-	47	56,144	-	47	55,247
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	27,549	-	31	27,554	-	31	27,526
Others **	Kuwait & Bahrain	-	-	9,630	-	-	9,882	-	-	4,070
				138,645			136,491			128,961

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

** During the current period, the Parent Company disposed its total share in Fucom for Central Markets Co. - KSC (Closed) for a consideration of KD2,265 thousand which resulted in a gain of KD1,445 thousand being recognised in the interim condensed consolidated statement of profit or loss for the period.

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 September 2017.

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 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Term loans (a)	220,720	194,490	194,086
Average interest rate – range	3% - 4.5%	3 % - 4 %	3% - 4%

- a) Term loans of KD102,500 thousand (31 December 2016: KD73,500 thousand and 30 September 2016: KD68,500 thousand) are contractually due after one year, and the remaining term loans of KD118,220 thousand (31 December 2016: KD120,990 thousand and 30 September 2016: KD125,586 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 KD114,546 thousand (31 December 2016: KD73,177 thousand and 30 September 2016: KD71,462 thousand) (Note 8), mortgage of investments in associates by an amount of KD35,381 thousand (31 December 2016: KD42,715 thousand and 30 September 2016: KD42,028 thousand), and mortgage of investment properties and investment properties under development (Note 9).

13 Accounts payable and other credit balances

	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Retentions for executed works	7,882	4,797	4,305
Income received in advance	794	1,466	1,162
Accrued leave and expenses	3,184	3,134	2,742
Due to related parties	127	102	364
Dividends payable to shareholders	348	347	355
Advance payments received from customers	7,994	6,400	5,568
Provisions and other credit balances	5,872	5,928	6,335
	26,201	22,174	20,831

Notes to the interim condensed consolidated financial information (continued)

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 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Cash and bank balances	12,966	13,234	12,838
Short term deposits	17,336	8,176	7,468
	30,302	21,410	20,306

15 Segmental analysis

The Group activities are concentrated in three main segments: Real Estate, Investment and Other. 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	Other KD'000	Total KD'000
Period ended at 30 September 2017 (Unaudited)				
Gross income	6,838	16,408	-	23,246
(Loss)/profit for the period	(445)	12,603	-	12,158
Total assets	185,792	310,998	-	496,790
Total liabilities	(176,003)	(88,344)	-	(264,347)
Total equity	9,789	222,654	-	232,443
Period ended at 30 September 2016 (Unaudited)				
Gross income	7,074	15,892	674	23,640
Profit/(loss) for the period	23	12,282	(36)	12,269
Total assets	137,553	273,897	25,414	436,864
Total liabilities	(132,919)	(88,355)	(7,094)	(228,368)
Total equity	4,634	185,542	18,320	208,496

16 Appropriations

The General Assembly of shareholders held on 25 April 2017 approved the consolidated financial statements for the year ended 31 December 2016 and directors' proposal to distribute cash dividends of 10% (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 (the General Assembly of shareholders held on 11 May 2016 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 bonus shares dividends of 5% 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 2015).

Notes to the interim condensed consolidated financial information (continued)

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.

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

	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Interim condensed consolidated statement of financial position			
Accounts receivable and other debit balances (Note 7)	1,668	1,712	1,616
Accounts payable and other credit balances (Note 13)	127	102	364
Net acquisition and disposal of associates/subsidiary companies	470	1,385	2,185
Additions to investment properties under development and trading properties under development	704	635	477
	Nine months ended 30 Sept. 2017 (Unaudited) KD'000	Year ended 31 Dec. 2016 (Audited) KD'000	Nine months ended 30 Sept. 2016 (Unaudited) KD'000
Interim condensed consolidated statement of profit or loss			
Management fees and consultancy income (included in other operating income)	607	866	659
Cost of revenue	462	708	510
General, administrative and other expenses	360	431	296
Benefits of key management personnel of the Group:			
Short term employee benefits and board of directors' remuneration	401	712	361
	30 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (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)	161,988	152,802	220,703

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 KD1,498 thousand (31 December 2016: KD1,071 thousand and 30 September 2016: KD1,071 thousand).

The Group had capital commitments amounting to KD25,271 thousand (31 December 2016: KD49,097 thousand and 30 September 2016: KD51,407 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 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	30,302	21,410	20,306
- Accounts receivable and other debit balances (excluding prepaid expenses)	12,215	14,917	14,607
	42,517	36,327	34,913
Investments at fair value through profit or loss :			
- At fair value	-	688	681
Available for sale investments :			
-At fair value	143,210	124,412	121,519
-Carried at cost less impairment in value, if any *	4,385	6,572	6,712
	147,595	130,984	128,231
Total financial assets	190,112	167,999	163,825
Financial liabilities			
Financial liabilities at amortised cost:			
- Due to banks	8,201	6,846	6,685
-Term loans	220,720	194,490	194,086
- Accounts payable and other credit balances	26,201	22,174	20,831
- Refundable rental deposits	8,225	6,032	5,320
Total financial liabilities	263,347	229,542	226,922

* It was not possible to reliably measure the fair value of available for sale investments amounting to KD4,385 thousand (31 December 2016: KD6,572 thousand and 30 September 2016: KD6,712 thousand) due to non availability of reliable method that could be used to determine the fair value of such investments, accordingly, these were stated at cost less impairment, if any. During the current period, the management recognised an amount of KD1,734 thousand (30 September 2016: KD500 thousand) as impairment against the investments and management is not aware of any circumstances that would indicate further impairment, in the value of these investments as of the reporting date.

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 available for sale investments (excluding certain available for sale investments which are carried at cost/cost less impairment for reasons specified in note 19.1 to the interim condensed consolidated financial information) 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 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:

30 September 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	117	-	-	117
- Participations in local companies shares				
• Quoted shares	5,461	-	-	5,461
- Participations in capital of companies located outside Kuwait				
• Quoted shares	134,511	-	-	134,511
• Unquoted shares	-	-	3,121	3,121
	140,089	-	3,121	143,210

31 December 2016 (Audited) Financial assets at fair value

Investments at fair value through profit or loss				
• Quoted shares	688	-	-	688
Available for sale investments				
- Local managed portfolios				
• Quoted shares	110	-	-	110
- Participations in local companies shares				
• Quoted shares	4,095	-	-	4,095
- Participations in capital of companies located outside Kuwait				
• Quoted shares	116,659	-	-	116,659
• Unquoted shares	-	-	3,548	3,548
	121,552	-	3,548	125,100

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 September 2016 (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 profit or loss				
• Quoted shares	681	-	-	681
Available for sale investments				
- Participations in local companies shares				
• Quoted shares	3,971	-	-	3,971
- Participations in capital of companies located outside Kuwait				
• Quoted shares	114,066	-	-	114,066
• Unquoted shares	-	-	3,482	3,482
	118,718	-	3,482	122,200

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 Sept. 2017 (Unaudited) KD'000	31 Dec. 2016 (Audited) KD'000	30 Sept. 2016 (Unaudited) KD'000
Balance at the beginning of period/year	3,548	3,982	3,982
Transfer to level 3	-	141	-
Disposal outside level 3	(427)	-	-
Impairment in value – recognised in consolidated statement of profit or loss	-	(575)	(500)
Balance at the end of period/year	3,121	3,548	3,482