

Interim Condensed Consolidated Financial Information and Review Report

**Tamdeen Real Estate Company – KPSC**

**and its Subsidiaries**

**Kuwait**

31 March 2018 (Unaudited)

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## Report on review of interim condensed consolidated financial information

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tamdeen Real Estate Company (Kuwaiti Public Shareholding Company) (the “Parent Company”) and its Subsidiaries (collectively the “Group”) as of 31 March 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 three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 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  
15 May 2018

## Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2018 (Unaudited) KD'000	Three months ended 31 March 2017 (Unaudited) KD'000
<b>Revenue</b>			
Operating revenue		1,370	2,178
Cost of revenue		(519)	(590)
<hr/>			
Net income		851	1,588
Other operating income		332	297
Fees from management of investment portfolios		16	19
Net income from investments	5	8,296	8,465
Share of results of associates		1,914	2,407
Foreign currency exchange loss		(227)	(69)
Other income		-	44
		<b>11,182</b>	<b>12,751</b>
<hr/>			
<b>Expenses and other charges</b>			
Staff costs		931	632
General, administrative and other expenses		1,147	1,022
Finance costs		1,600	1,537
		<b>3,678</b>	<b>3,191</b>
<hr/>			
<b>Profit for the period before provision for NLST</b>		<b>7,504</b>	<b>9,560</b>
Provision for National Labour Support Tax (NLST)		-	(24)
<b>Profit for the period</b>		<b>7,504</b>	<b>9,536</b>
<hr/>			
<b>Attributable to :</b>			
Owners of the Parent Company		4,178	6,018
Non-controlling interests		3,326	3,518
		<b>7,504</b>	<b>9,536</b>
<hr/>			
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company</b>		<b>10.4 Fils</b>	<b>14.9 Fils</b>
	6		

*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 31 March 2018 (Unaudited) KD'000	Three months ended 31 March 2017 (Unaudited) KD'000
Profit for the period	7,504	9,536
<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	(21)	(13)
Net change in fair value of available for sale investments during the period	-	24,887
Share of other comprehensive (loss)/income of associates	(507)	1,588
	(528)	26,462
<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	14,573	-
Share of other comprehensive loss of associates	(616)	-
	13,957	-
<b>Total other comprehensive income for the period</b>	<b>13,429</b>	<b>26,462</b>
<b>Total comprehensive income for the period</b>	<b>20,933</b>	<b>35,998</b>
<b>Attributable to:</b>		
Owners of the Parent Company	11,394	21,733
Non-controlling interests	9,539	14,265
	20,933	35,998

*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	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Assets</b>				
Cash and bank balances	14	11,887	14,483	3,204
Short term deposits	14	24,540	24,698	16,238
Investments at fair value through profit or loss		-	-	859
Accounts receivable and other debit balances	7	20,044	12,539	23,382
Trading properties under development		49,709	46,092	33,908
Investments at fair value through other comprehensive income	8	148,621	-	-
Available for sale investments	8	-	133,870	155,900
Investment properties under development	9	119,617	115,379	87,166
Investment properties		20,000	20,000	21,280
Investments in associates	10	140,321	139,568	140,874
Property, plant and equipment		1,384	1,138	1,186
<b>Total assets</b>		<b>536,123</b>	<b>507,767</b>	<b>483,997</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	11	12,832	10,521	4,500
Term loans	12	239,698	236,208	206,980
Accounts payable and other credit balances	13	31,998	30,882	24,565
Refundable rental deposits		8,511	8,017	6,981
Provision for end of service indemnity		1,137	1,030	936
<b>Total liabilities</b>		<b>294,176</b>	<b>286,658</b>	<b>243,962</b>
<b>Equity</b>				
Share capital		43,193	43,193	43,193
Share premium		11,132	11,132	11,132
Treasury shares		(11,410)	(11,396)	(10,767)
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		363	384	415
Cumulative changes in fair value		49,139	41,902	51,309
Retained earnings		30,607	26,492	30,044
<b>Equity attributable to the owners of the Parent Company</b>		<b>149,760</b>	<b>138,443</b>	<b>150,338</b>
<b>Non-controlling interests</b>		<b>92,187</b>	<b>82,666</b>	<b>89,697</b>
<b>Total equity</b>		<b>241,947</b>	<b>221,109</b>	<b>240,035</b>
<b>Total liabilities and equity</b>		<b>536,123</b>	<b>507,767</b>	<b>483,997</b>

  
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										Total KD'000	
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub- total KD'000		Non- controlling interests KD'000
<b>Balance as at 1 January 2018</b>	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)
<b>Balance as at 1 January 2018 (restated)</b>	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)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Transactions with the owners	-	-	(14)	-	-	-	-	-	-	(14)	(5)	(19)
Profit for the period	-	-	-	-	-	-	-	-	4,178	4,178	3,326	7,504
Other comprehensive (loss)/income	-	-	-	-	-	-	(21)	7,237	-	7,216	6,213	13,429
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(21)	7,237	4,178	11,394	9,539	20,933
<b>Balance as at 31 March 2018</b>	43,193	11,132	(11,410)	756	12,291	13,689	363	49,139	30,607	149,760	92,187	241,947

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

	Equity attributable to the owners of the Parent Company										Total KD'000	
	Share capital KD'000	Share premium KD'000	Treasury shares KD'000	Reserve of profit on sale of treasury shares KD'000	Legal reserve KD'000	Voluntary reserve KD'000	Foreign currency translation reserve KD'000	Cumulative changes in fair value KD'000	Retained earnings KD'000	Sub- total KD'000		Non- controlling interests KD'000
<b>Balance as at 1 January 2017</b>	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	-	-	(22)	-	-	-	-	-	-	(22)	-	(22)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33)	(33)
Transactions with the owners	-	-	(22)	-	-	-	-	-	-	(22)	(33)	(55)
Profit for the period	-	-	-	-	-	-	-	-	6,018	6,018	3,518	9,536
Other comprehensive (loss)/income	-	-	-	-	-	-	(13)	15,728	-	15,715	10,747	26,462
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(13)	15,728	6,018	21,733	14,265	35,998
<b>Balance as at 31 March 2017</b>	43,193	11,132	(10,767)	756	11,429	12,827	415	51,309	30,044	150,338	89,697	240,035

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	Three months ended 31 March 2018 (Unaudited) KD'000	Three months ended 31 March 2017 (Unaudited) KD'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		7,504	9,536
Adjustments:			
Depreciation		46	46
Provision for end of service indemnity		114	37
Unrealised gain from investments at fair value through profit or loss		-	(171)
Net gain on sale of available for sale investments		-	(52)
Dividends income		(8,195)	(8,213)
Interest income		(101)	(29)
Share of results of associates		(1,914)	(2,407)
Finance costs		1,600	1,537
		(946)	284
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable and other debit balances		659	(101)
Accounts payable and other credit balances		1,465	1,118
Refundable rental deposits		494	949
End of service indemnity paid		(7)	(12)
<b>Net cash from operating activities</b>		<b>1,665</b>	<b>2,238</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments at fair value through other comprehensive income		(177)	-
Proceeds from sale of available for sale investments		-	52
Additions to investment properties under development		(3,083)	(7,420)
Additions to trading properties under development		(3,314)	(4,538)
Net purchase of property, plant and equipment		(292)	(12)
Dividends and Interest income received		75	29
<b>Net cash used in investing activities</b>		<b>(6,791)</b>	<b>(11,889)</b>
<b>FINANCING ACTIVITIES</b>			
Change in due to banks		2,311	(2,346)
Net change in treasury shares		(14)	(22)
Net proceeds from term loans		3,490	12,490
Cash dividends paid		(12)	(9)
Finance costs paid		(3,403)	(2,430)
<b>Net cash from financing activities</b>		<b>2,372</b>	<b>7,683</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,754)</b>	<b>(1,968)</b>
Cash and cash equivalents at beginning of the period		39,181	21,410
<b>Cash and cash equivalents at end of the period</b>	14	<b>36,427</b>	<b>19,442</b>

*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 three-months period ended 31 March 2018 was authorised for issue by the Parent Company’s board of directors on 15 May 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 three-month period ended 31 March 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 three-months period ended 31 March 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 31 March 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:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 three 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 KD'000	Re- measurement –ECL KD'000	New carrying amount under IFRS 9 KD'000
<b>Financial assets</b>					
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	-
<b>Balance at 1 January 2018</b>	<b>-</b>	<b>133,870</b>	<b>48,055</b>

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 ECL:* these are ECLs that result from possible default events within the 12 months after the reporting date; and

*-lifetime ECL:* 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
<b>Assets</b>			
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
<b>Impact of remeasurements:</b>				
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)
<b>Opening balance under IFRS 9 – 1 January 2018</b>	<b>26,429</b>	<b>138,380</b>	<b>82,653</b>	<b>221,033</b>

##### *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.

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 Group adopted IFRS 15 "Revenue from Contracts with Customers" resulting in no material changes in the revenue recognition policy of the Group in relation to its contracts with customers. Further, the adoption 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
	31 March 2018 (Unaudited) %	31 Dec. 2017 (Audited) %	31 March 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 31 March 2018 (Unaudited) KD'000	Three months ended 31 March 2017 (Unaudited) KD'000
Net gain on sale of available for sale investments	-	52
Unrealised gain from investments at fair value through profit or loss	-	171
Dividends income	8,195	8,213
Interest income	101	29
	<b>8,296</b>	<b>8,465</b>

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

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

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	4,178	6,018
Weighted average number of the outstanding shares (excluding treasury shares) (in thousands)	403,438	405,092
<b>Basic and diluted earnings per share attributable to the owners of the Parent Company</b>	<b>10.4 Fils</b>	<b>14.9 Fils</b>

### 7 Accounts receivable and other debit balances

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
Receivable from tenants	548	720	624
Cheques under collection	499	341	1,249
Staff receivable	206	205	190
Prepaid expenses	531	173	392
Due from related parties(a)	1,448	1,645	1,677
Due from sale of trading properties (a)	4,950	4,950	5,095
Advance payments to contractors (b)	1,976	2,435	5,259
Dividend income receivable	8,239	-	8,213
Paid for incorporation of a subsidiary	500	1,000	-
Other debit balances	1,471	1,337	1,026
	<b>20,368</b>	<b>12,806</b>	<b>23,725</b>
Provision for doubtful debts	(324)	(267)	(343)
	<b>20,044</b>	<b>12,539</b>	<b>23,382</b>



## 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

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Investments at fair value through other comprehensive income:</b>			
Local managed portfolios	103	-	-
Participations in local companies shares	9,931	-	-
Participations in capital of companies located outside Kuwait	138,587	-	-
	<b>148,621</b>	-	-
<b>Available for sale investments:</b>			
Local managed portfolios	-	133	135
Participations in local companies shares	-	8,960	9,051
Participations in capital of companies located outside Kuwait	-	124,777	146,714
	-	<b>133,870</b>	<b>155,900</b>

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 KD106,047 thousand (31 December 2017: KD99,940 thousand and 31 March 2017: KD87,993 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

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Cost</b>			
At beginning of the period/year	118,153	80,807	80,807
Additions during the period/year	4,238	37,346	9,133
<b>At end of the period/year</b>	<b>122,391</b>	<b>118,153</b>	<b>89,940</b>
<b>Impairment in value</b>			
At beginning of the period/year	2,774	2,774	2,774
<b>At end of the period/year</b>	<b>2,774</b>	<b>2,774</b>	<b>2,774</b>
<b>Net book value</b>			
<b>At end of the period/year</b>	<b>119,617</b>	<b>115,379</b>	<b>87,166</b>

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 KD118,180 thousand (31 December 2017: KD114,209 thousand and 31 March 2017: KD86,757 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 KD766 thousand (31 December 2017: KD2,655 thousand and 31 March 2017: KD516 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	31 March 2018 (Unaudited)		31 Dec. 2017 (Audited)		31 March 2017 (Unaudited)		Value KD'000
		Ownership %		Ownership %		Ownership %		
		Direct	Indirect*	Direct	Indirect*	Direct	Indirect*	
Tamdeen Shopping Centers Company – KSC (Closed)	Kuwait	30	-	30	-	30	-	44,407
Kuwait National Cinema Company – KPSC	Kuwait	-	47	-	47	-	47	58,165
Tamdeen Pearl Real Estate Company – KSC (Closed)	Kuwait	-	31	-	31	-	31	27,560
Others	Kuwait & Bahrain	-	-	-	-	-	-	9,436
								140,321
								139,568
								10,443
								44,286
								58,593
								27,552
								140,874

\* 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 31 March 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

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
Term loans (a)	239,698	236,208	206,980
Average interest rate – range (above CBK discount rate)	0.75%-1.50%	0.75%-1.65%	0.75%-1.75%

- a) Term loans of KD105,500 thousand (31 December 2017: KD102,500 thousand and 31 March 2017: KD83,500 thousand) are contractually due after one year, and the remaining term loans of KD134,198 thousand (31 December 2017: KD133,708 thousand and 31 March 2017: KD123,480 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 KD106,047 thousand (31 December 2017: KD99,940 thousand and 31 March 2017: KD87,993 thousand) (Note 8), mortgage of investments in associates by an amount of KD22,092 thousand (31 December 2017: KD27,807 thousand and 31 March 2017: KD44,592 thousand), and mortgage of investment properties and investment properties under development (Note 9).

### 13 Accounts payable and other credit balances

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
Retentions for executed works	9,775	9,236	5,994
Rental received in advance	3,449	1,758	1,852
Accrued leave and expenses	3,788	4,434	3,261
Due to related parties	292	767	285
Dividends payable to shareholders	293	238	318
Advance payments received from customers	8,375	8,318	7,065
Provisions and other credit balances	6,026	6,131	5,790
	31,998	30,882	24,565

### 14 Cash and cash equivalents

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

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
Cash and bank balances	11,887	14,483	3,204
Short term deposits	24,540	24,698	16,238
	36,427	39,181	19,442

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

### 15 Segmental analysis

The Group activities are concentrated in three 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
<b>Period ended at 31 March 2018 (Unaudited)</b>			
Gross income	1,183	9,999	11,182
(Loss)/profit for the period	(751)	8,255	7,504
Total assets	210,945	325,178	536,123
Total liabilities	(200,358)	(93,818)	(294,176)
<b>Total equity</b>	<b>10,587</b>	<b>231,360</b>	<b>241,947</b>
<b>Period ended at 31 March 2017 (Unaudited)</b>			
Gross income	1,885	10,866	12,751
Profit for the period	158	9,378	9,536
Total assets	159,393	324,604	483,997
Total liabilities	(155,024)	(88,938)	(243,962)
<b>Total equity</b>	<b>4,369</b>	<b>235,666</b>	<b>240,035</b>

### 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:

	31 March 2018 (Unaudited) KD'000	31-Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Interim condensed consolidated statement of financial position</b>			
Accounts receivable and other debit balances (Note 7)	1,448	1,645	1,677
Accounts payable and other credit balances (Note 13)	292	767	285
Acquisition of an associate	-	470	-
Additions to investment properties under development and trading properties under development	148	1,552	347
	Three months ended 31 March 2018 (Unaudited) KD'000	Year ended 31 Dec. 2017 (Audited) KD'000	Three months ended 31 March 2017 (Unaudited) KD'000
<b>Interim condensed consolidated statement of profit or loss</b>			
Management fees and consultancy income (included in other operating income)	245	814	210
Cost of revenue	137	514	76
General, administrative and other expenses	210	443	120
<b>Benefits of key management personnel of the Group:</b>			
Short term employee benefits and board of directors' remuneration	173	754	144
	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Contra accounts - off interim condensed consolidated statement of financial position items</b>			
Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC (subsidiary company)	121,234	157,735	167,338

### 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 KD1,071 thousand (31 December 2017: KD1,498 thousand and 31 March 2017: KD1,071 thousand).

The Group had capital commitments amounting to KD13,831 thousand (31 December 2017: KD17,914 thousand and 31 March 2017: KD40,977 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:

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
<b>Financial assets</b>			
<b>Financial assets at amortised cost:</b>			
- Cash and cash equivalents	36,427	39,181	19,442
- Accounts receivable and other debit balances (excluding prepaid expenses and advance payment to contractors and paid for incorporation of a subsidiary)	17,037	8,931	17,731
	<b>53,464</b>	<b>48,112</b>	<b>37,173</b>
<b>Investments at fair value through profit or loss</b>	-	-	859
<b>Investments at fair value through other comprehensive income</b>	<b>148,621</b>	-	-
<b>Available for sale investments :</b>			
-At fair value	-	129,174	149,338
-Carried at cost less impairment in value, if any	-	4,696	6,562
	-	<b>133,870</b>	<b>155,900</b>
<b>Total financial assets</b>	<b>202,085</b>	<b>181,982</b>	<b>193,932</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost:</b>			
- Due to banks	12,832	10,521	4,500
- Term loans	239,698	236,208	206,980
- Accounts payable and other credit balances	31,998	30,882	24,565
- Refundable rental deposits	8,511	8,017	6,981
<b>Total financial liabilities</b>	<b>293,039</b>	<b>285,628</b>	<b>243,026</b>

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

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

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

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

31 March 2018 (Unaudited) Financial assets at fair value	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
<b>Investments at fair value through other comprehensive income</b>				
- Local managed portfolios				
• Quoted shares	103	-	-	103
- Participations in local companies shares				
• Quoted shares	6,329	-	-	6,329
• Unquoted shares	-	-	3,602	3,602
- Participations in capital of companies located outside Kuwait				
• Quoted shares	135,001	-	-	135,001
• Unquoted shares	-	-	3,586	3,586
	<b>141,433</b>	<b>-</b>	<b>7,188</b>	<b>148,621</b>
<b>31 December 2017 (Audited) Financial assets at fair value</b>				
<b>Available for sale investments</b>				
- 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
	<b>126,860</b>	<b>-</b>	<b>2,314</b>	<b>129,174</b>



## 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)

31 March 2017 (Unaudited) Financial assets at fair value	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
<b>Investments at fair value through profit or loss</b>				
• Quoted shares	859	-	-	859
<b>Available for sale investments</b>				
- Local managed portfolios				
• Quoted shares	135	-	-	135
- Participations in local companies shares				
• Quoted shares	4,634	-	-	4,634
- Participations in capital of companies located outside Kuwait				
• Quoted shares	141,021	-	-	141,021
• Unquoted shares	-	-	3,548	3,548
	146,649	-	3,548	150,197

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

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

#### Level 3 fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

	31 March 2018 (Unaudited) KD'000	31 Dec. 2017 (Audited) KD'000	31 March 2017 (Unaudited) KD'000
Balance at the beginning of period/year	2,314	3,548	3,548
Transfer to level 3	4,874	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	7,188	2,314	3,548