



**Commercial Real Estate Company K.P.S.C.  
and its subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)  
And the review report for the three months ended 31 March 2016**

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and its subsidiaries  
State of Kuwait**



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And the review report for the three months ended 31 March 2016

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Al Shaheed Tower, 6<sup>th</sup> Floor  
Khaled Ben Al Waleed Street, Sharq  
P.O. Box 25578, Safat 13116  
Kuwait  
Tel: +965 2242 6999  
Fax: +965 2240 1666  
www.bdointernational.com



**Deloitte & Touche  
Al-Wazzan & Co.**  
Ahmed Al-Jaber Street, Sharq  
Dar Al-Awadi Complex, Floors 7 & 9  
P.O. Box 20174 Safat 13062 or  
P.O. Box 23049 Safat 13091  
Kuwait  
Tel : + 965 22408844, 22438060  
Fax: + 965 22408855, 22452080  
www.deloitte.com

**Commercial Real Estate Company K.P.S.C.  
State of Kuwait**

**Auditors' report on review of interim condensed consolidated financial information to the board of directors**

***Introduction***

We have reviewed the accompanying interim condensed consolidated financial position of Commercial Real Estate Company K.P.S.C. ("The Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2016, and the related interim condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's 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 the 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***

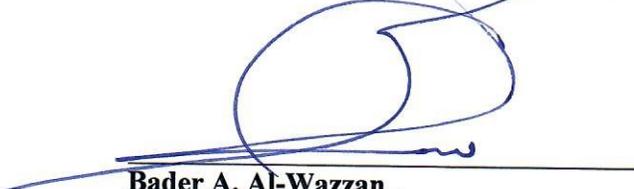
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Parent Company. To the extent of information made available to us we have not become aware of any violations during the three month period ended 31 March 2016, of Companies' Law No. 1 of 2016, and its executive regulations or the Parent Company's memorandum and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.

  
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**Qais M. Al Nisf**  
Licence No. 38 "A"  
BDO Al Nisf & Partners

**Kuwait: 10 May 2016**

  
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**Bader A. Al-Wazzan**  
Licence No. 62 "A"  
Deloitte & Touche - Al Wazzan & Co.

**Interim condensed consolidated statement of financial position (unaudited)**  
**As at 31 March 2016**

		<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	Notes	KD	KD	KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		29,121,916	29,148,315	29,453,383
Investment Property	3	359,136,896	358,617,417	288,094,733
Investments in associates	4	36,555,625	23,806,575	33,117,877
Available for sale investments		21,507,925	21,352,246	23,454,774
		<u>446,322,362</u>	<u>432,924,553</u>	<u>374,120,767</u>
<b>Current assets</b>				
Land and properties held for trading		8,712,298	8,866,615	8,571,734
Investments at fair value through profit or loss		27,432,119	27,289,220	18,544,029
Receivables and other debit balances	5	6,475,833	9,871,068	7,903,232
Cash and cash equivalents		7,447,247	7,006,106	3,480,290
		<u>50,067,497</u>	<u>53,033,009</u>	<u>38,499,285</u>
<b>Total assets</b>		<u>496,389,859</u>	<u>485,957,562</u>	<u>412,620,052</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to the shareholders of the Parent Company</b>				
Share capital		178,708,714	178,708,714	170,198,775
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	6	(2,058,200)	(2,058,200)	(1,808,875)
Statutory reserve		32,321,599	32,321,599	30,163,475
Voluntary reserve		25,519,392	25,519,392	24,440,329
Other reserve	7	9,427,523	9,062,876	8,424,442
Retained earnings		28,455,392	33,934,717	26,968,536
<b>Total equity attributable to the shareholders of the Parent Company</b>		<u>273,682,804</u>	<u>278,797,482</u>	<u>259,695,066</u>
Non-controlling interests		40,157,125	39,571,131	11,928,194
<b>Total equity</b>		<u>313,839,929</u>	<u>318,368,613</u>	<u>271,623,260</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,193,371	1,200,862	1,017,825
Financing from third party	8	126,775,165	116,225,325	97,886,717
		<u>127,968,536</u>	<u>117,426,187</u>	<u>98,904,542</u>
<b>Current liabilities</b>				
Payables and other credit balances	9	34,374,308	22,687,836	20,167,652
Financing from third party	8	20,207,086	27,474,926	21,924,598
		<u>54,581,394</u>	<u>50,162,762</u>	<u>42,092,250</u>
<b>Total liabilities</b>		<u>182,549,930</u>	<u>167,588,949</u>	<u>140,996,792</u>
<b>Total equity and liabilities</b>		<u>496,389,859</u>	<u>485,957,562</u>	<u>412,620,052</u>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.



**Abdul Fatah M.R. Marafie**  
 Chairman

**Adwan M. Al-Adwani**  
 Vice Chairman

**Interim condensed consolidated statement of income (unaudited)  
For the three month period ended 31 March 2016**

	Notes	For the three month period ended 31 March	
		2016	2015
		KD	KD
<b>Revenue</b>			
Net profit from investment properties	10	3,274,478	2,783,580
Net hotel losses/(profits)		(13,365)	25,448
Net profits from investment in associate companies		3,995,943	468,241
Net profit on investments	11	852,579	379,361
Net profit from sale of land and real estate held for trading		72,783	-
Net reversal of provision for doubtful debts	5	10,136	-
Other income		39,965	98,903
<b>Total revenues</b>		<b>8,232,519</b>	<b>3,755,533</b>
<b>Expenses and other charges</b>			
Administrative expenses and other charges		780,925	485,842
Financial claims	17	1,575,699	-
Finance charges		1,274,444	1,127,398
<b>Total expenses</b>		<b>3,631,068</b>	<b>1,613,240</b>
<b>Net profit for the period before deductions</b>		<b>4,601,451</b>	<b>2,142,293</b>
Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(9,187)
National Labour Support Tax (NLST)		(80,595)	(40,264)
Zakat Expense		-	(10,620)
<b>Net profit for the period</b>		<b>4,520,856</b>	<b>2,082,222</b>
<b>Distributed as follows:</b>			
Shareholders of the Parent Company		3,360,623	1,906,071
Non-controlling interests		1,160,233	176,151
		<b>4,520,856</b>	<b>2,082,222</b>
<b>Basic earnings per share for Parent Company's shareholders (fils)</b>	12	<b>1.90</b>	<b>1.08</b>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of comprehensive income (unaudited)**  
**For the three month period ended 31 March 2016**

	Notes	For the three month period ended 31 March	
		2016	2015
		KD	KD
Net profit for the period		4,520,856	2,082,222
<b>Other comprehensive income items:</b>			
Items that may be reclassified subsequently to the consolidated statement of income:			
Change in fair value reserve	7	169,033	(69,066)
Group's share in associates' reserves	7	47,177	94,902
Foreign currency translation reserve	7	148,437	-
<b>Total other comprehensive income items</b>		<b>364,647</b>	<b>25,836</b>
<b>Total comprehensive income for the period</b>		<b>4,885,503</b>	<b>2,108,058</b>
<b>Distributed as follows:</b>			
Shareholders of the Parent Company		3,725,270	1,931,907
Non-controlling interests		1,160,233	176,151
<b>Total comprehensive income for the period</b>		<b>4,885,503</b>	<b>2,108,058</b>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of changes in equity (unaudited)**  
For the three month period ended 31 March 2016

	Equity attributable to the shareholders of the Parent Company							Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 7)	Retained earnings			
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2015	170,198,775	1,308,384	(1,808,875)	30,163,475	24,440,329	8,398,606	35,187,204	267,887,898	12,379,733	280,267,631
Net profit for the period	-	-	-	-	-	-	1,906,071	1,906,071	176,151	2,082,222
Total comprehensive income for the period	-	-	-	-	-	25,836	-	25,836	-	25,836
Amendments arising from consolidation of subsidiaries	-	-	-	-	-	-	(16,492)	(16,492)	(6,630)	(23,122)
Effect of acquisition of share in a subsidiary	-	-	-	-	-	-	8,088	8,088	(40,813)	(32,725)
Cash dividends	-	-	-	-	-	-	(10,116,335)	(10,116,335)	-	(10,116,335)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(580,247)	(580,247)
<b>Balance as at 31 March 2015</b>	<b>170,198,775</b>	<b>1,308,384</b>	<b>(1,808,875)</b>	<b>30,163,475</b>	<b>24,440,329</b>	<b>8,424,442</b>	<b>26,968,536</b>	<b>259,695,066</b>	<b>11,928,194</b>	<b>271,623,260</b>
Balance as at 1 January 2016	178,708,714	1,308,384	(2,058,200)	32,321,599	25,519,392	9,062,876	33,934,717	278,797,482	39,571,131	318,368,613
Net profit for the period	-	-	-	-	-	-	3,360,623	3,360,623	1,160,233	4,520,856
Total comprehensive income for the period	-	-	-	-	-	364,647	(8,839,948)	(8,839,948)	-	(8,839,948)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(574,239)	(574,239)
<b>Balance as at 31 March 2016</b>	<b>178,708,714</b>	<b>1,308,384</b>	<b>(2,058,200)</b>	<b>32,321,599</b>	<b>25,519,392</b>	<b>9,427,523</b>	<b>28,455,392</b>	<b>273,682,804</b>	<b>40,157,125</b>	<b>313,839,929</b>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of cash flows (unaudited)**  
 For the three month period ended 31 March 2016

	Notes	For the three month period ended 31 March	
		2016 KD	2015 KD
<b>Operating activities:</b>			
Net profit for the period		4,520,856	2,082,222
Adjustments for:			
Depreciation of property, plant and equipment		442,749	388,247
Net write back of provision for doubtful debts		(10,136)	-
Net profits from investments in associates		(3,995,943)	(468,241)
Net profits from investments	11	(852,579)	(379,361)
Profits on sale of land and properties held for trading		(72,783)	-
Losses/(profits) from exchange differences		1,317	(7,741)
Financial claims	17	1,575,699	-
Finance charges		1,274,444	1,127,398
Employees' end of service indemnity made during the period		60,275	55,919
<i>Operating gain before working capital changes</i>		<u>2,943,899</u>	<u>2,798,443</u>
Land and properties held for trading		227,100	(36,471)
Investments at fair value through statement of income		58,552	-
Receivables and other debit balances		(566,318)	(1,327,769)
Payables and other credit balances		385,714	88,416
<i>Cash from operations</i>		<u>3,048,947</u>	<u>1,522,619</u>
Employees' end of service indemnity paid during the period		(67,766)	(111,469)
<i>Net cash generated from operating activities</i>		<u>2,981,181</u>	<u>1,411,150</u>
<b>Investing activities:</b>			
Paid for purchase of property, plant and equipment		(416,350)	(682,645)
Paid for purchase of investment properties	3	(519,479)	(219,859)
Proceeds from disposal of shares in associates		-	118,691
Payment for purchase of shares in associates		(5,267,148)	-
Paid for purchase of available for sale investments		-	(1,580,397)
Proceeds from sale of available for sale investments		24,409	-
Proceeds from dividends in associates	4	1,240,800	-
Cash dividends received		640,073	379,361
<i>Net cash used in investing activities</i>		<u>(4,297,695)</u>	<u>(1,984,849)</u>
<b>FINANCING ACTIVITIES:</b>			
Financing from third party		3,282,000	(96,561)
Finance charges paid		(923,913)	(1,730,619)
Dividend paid		(26,193)	(35,283)
Paid to purchase an additional share in a subsidiary		-	(32,725)
Non-controlling interests		(574,239)	(580,247)
<i>Net cash generated from/(used in) financing activities</i>		<u>1,757,655</u>	<u>(2,475,435)</u>
Net increase / (decrease) in cash and cash equivalents		441,141	(3,049,134)
Cash and cash equivalents at the beginning of the period		7,006,106	6,529,424
<b>Cash and cash equivalents at the end of the period</b>		<u>7,447,247</u>	<u>3,480,290</u>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

**Notes to interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2016

**1. Overview of the Group**

The Commercial Real Estate Company (K.P.S.C) (“the Parent Company”) was incorporated as a Kuwaiti Shareholding Closed Company under Articles of Association No. 104/ M/ Vol.1 on 4 February 1968 under Commercial register No. 11329 and re-enrolled on 21 December 1981 under No. 239 in accordance with provision of the Commercial Companies Law. The main objectives of the Company are performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building constructions including sale, purchase and lease of land and real estate properties and construction of buildings, utilize the company’s surpluses through investment portfolios managed by specialized companies and financial institutions. The Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The Company may also purchase such entities or affiliate them, or as stated in Company’s Articles of Association, article No. 5 and Memorandum of Association, article No. 4. The Company’s management shall carry out all its objectives for which it has been established in accordance with the Noble Islamic Sharia principles.

The head office of the Company is located at Jaber Al-Mubarak Street, Commercial Real Estate Company’s Building, Sharq, P.O. Box. 4119 Safat, 13042 Kuwait.

The Company has been registered in the Kuwait Stock Exchange on 21 December 2004.

The condensed consolidated interim financial information includes the interim condensed financial information of the Parent Company, its subsidiaries and branches (together referred to as "the Group").

<u>Name of subsidiaries</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Shareholding percent</u>		
			<u>31 March 2016</u>	<u>31 December 2015 (audited)</u>	<u>31 March 2015</u>
Al Mutajara Real Estate Company K.S.C.C.	Investment properties	Kuwait	71.71%	71.71%	71.42%
Symphony Style Hotel Kuwait	Hotel services	Kuwait	100%	100%	100%
Commercial Real Estate Developing Company	Investment properties	Bahrain	100%	100%	100%
Al-Salmiya Group K.S.C. (Closed)	Investment properties	Kuwait	45.92%	45.92%	-

The financial information of subsidiaries were consolidated based on the interim financial information prepared by management of these companies as at 31 March 2016. The total assets and liabilities of consolidated subsidiaries amounted to KD 138,532,948 and KD 24,478,033 respectively as at 31 March 2016 (31 December 2015: KD 121,031,201 and KD 16,853,495 respectively and 31 March 2015: KD 42,528,873 and KD 2,128,758 respectively). The total business results of subsidiaries amounted to KD 3,143,091 for the period ended 31 March 2016 (31 December 2015: KD 3,221,301 and 31 March 2015: KD 578,748).

The new companies law No. 1 of 2016 was published in the Official Gazette on 1 February 2016. The new law shall be applicable as of 26 November 2012. In accordance with the new law, companies law No. 25 of 2012, as amended, was cancelled, and its executive regulations was approved to be effective until issuance of the executive regulations of the new law.

**Notes to interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2016

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**1. Overview of the Group (Continued)**

During the period, the general assembly meeting of the Parent Company shareholders was held to approve the consolidated financial statements for the year ended 31 December 2015.

This interim condensed consolidated financial information was authorized for issue by Parent Company's board of director's on 10 May 2016.

**2. Basis of preparation**

The Group's interim condensed consolidated financial information have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and notes required for complete annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2015.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and amendments effective as of 1 January 2016. New standards and amendments apply for the first time in 2016. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The following is an explanation of standards and amendments applicable as of 1 January 2016, as well as clarification of standards issued but not effective yet:

**a) The amendments became effective as of 1 January 2016.**

Certain new and amended standards have been effective for the current period. However, the Group does not have to change its accounting policy or make adjustments retroactively as a result of adoption of these standards:

- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 36 – Clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 and IAS 41 – Bearer plants.
- Amendments to IAS 27 – Equity method in separate financial statements
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
- Annual Improvements to IFRSs 2012–2014 Cycle

**Notes to interim condensed consolidated financial information (unaudited)**

For the three month period ended 31 March 2016

**2. Basis of preparation (Continued)**

**b) Standards issued but not yet effective**

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the group:

• *IFRS 9 Financial Instruments*

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also introduces the principles of recognition and derecognition of financial instruments from IAS 39.

The Group's management anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

• *IFRS 15 Revenue from Contracts with Customers*

The standard, effective for annual periods beginning on or after 1 January 2018, deals with revenue recognition and establishes principles for the amount, timing of revenue recognition. It replaces the following existing standards and interpretations upon its effective date:

IAS 18 – Revenue,  
IAS 11 – Construction Contracts,  
IFRIC 13 – Customer Loyalty Programs,  
IFRIC 15 – Agreements for the Construction of Real Estate,  
IFRIC 18 – Transfers of Assets from Customers,  
IFRIC 31 – Revenue – barter transaction involving advertising services,

The Group is currently assessing the impact of IAS 15 and plans to adopt the new standard on the required effective date.

**3. Investment Property**

	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	KD	KD	KD
Balance at beginning of the period/ year	358,617,417	286,144,100	286,144,100
Additions	519,479	720,889	219,859
Sales	-	(4,682,800)	-
Transferred from projects in progress	-	1,730,774	1,730,774
Change in fair value	-	3,704,454	-
Acquisition through business combination	-	71,000,000	-
Balance at end of the period/year	<u>359,136,896</u>	<u>358,617,417</u>	<u>288,094,733</u>

**Notes to interim condensed consolidated financial information (unaudited)**  
 For the three month period ended 31 March 2016

**4. Investments in associates**

Below is the movement in the investment in associates during the period/year:

	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	KD	KD	KD
Balance as at the beginning of the period/year	23,806,575	32,673,424	32,673,424
Additions	13,674,892	3,091,740	-
Sales	-	(84,351)	(84,351)
Cash dividends	(1,240,800)	(785,294)	-
Transferred to investment in subsidiary	-	(13,138,116)	-
Translation of foreign currencies	148,437	173,678	-
Group's share in associates' reserves	47,177	1,882,954	94,902
Group's share in associates' business results	176,449	1,029,190	433,902
Net impairment losses	(57,105)	(1,036,650)	-
	<u>36,555,625</u>	<u>23,806,575</u>	<u>33,117,877</u>

Additions during the period include the acquisition by one of the subsidiaries of a share of 44.87% from equity of Jahra Tourism Company. This investment was classified within investment in an associate as at 31 March 2016. The transaction resulted in gain of bargain purchase of KD 4,437,372. Out of such profits an amount of KD 3,876,599 recognised in the interim condensed consolidated statement of income for the period ended 31 March 2016. Profits of KD 560,773 was eliminated.

The fair value of the acquired assets and liabilities as at the acquisition date is as follows:

	<b>31 March 2016</b>
	KD
Fair value of net acquired assets	21,262,854
Group's share in the fair value of net assets acquired (44.87%)	9,704,519
Consideration paid for acquisition	(5,267,147)
Gains of bargain purchase	4,437,372

During the period, procedures of incorporating Aria Vacation Club Company was completed. The Group participated by a percentage of 30% in incorporation, with an amount of KD 3,970,273. This investment was classified as an investment in associate.

This transaction effect was eliminated when preparing the interim condensed consolidated statement of cash flows as it is a non-cash transaction.

The Group's share in the results of associates are recorded based on the latest available financial statements as at 31 December 2015.

Notes to interim condensed consolidated financial information (unaudited)  
For the three month period ended 31 March 2016

5. Receivables and other debit balances

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Trade receivables	4,964,812	4,912,305	4,931,130
Due from related parties (note 13)	57,488	112,105	166,270
Provision for doubtful debts	(4,232,687)	(4,242,823)	(3,994,482)
	789,613	781,587	1,102,918
Prepaid expenses	513,212	519,312	12,500
Subscription in shares under allocation	3,514,097	6,807,102	5,003,375
Refundable deposits	200,275	199,900	186,726
Advances to contractors and suppliers	970,433	1,014,931	1,083,016
Other debit balances	488,203	548,236	514,697
	<u>6,475,833</u>	<u>9,871,068</u>	<u>7,903,232</u>

Movement in provision for doubtful debts is as follows:

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Balance at beginning of the period/year	4,242,823	3,994,482	3,994,482
Provision created during the period/year	39,866	341,001	-
Reversal of provision for doubtful debts	(50,002)	(144,824)	-
Effect of acquisition of a subsidiary	-	52,164	-
Balance at end of the period/year	<u>4,232,687</u>	<u>4,242,823</u>	<u>3,994,482</u>

6. Treasury shares

	31 March 2015	31 December 2015 (audited)	31 March 2016
Number of shares (No's)	22,688,693	22,688,693	18,789,860
Percentage of issued shares (%)	1.27	1.27	1.10
Market value	1,769,718	1,769,718	1,691,087
Cost	2,058,200	2,058,200	1,808,875

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Company, pursuant to the relevant instructions of the regulatory authorities.

**Notes to interim condensed consolidated financial information (unaudited)**  
 For the three month period ended 31 March 2016

**7. Other reserve**

	Change of fair value reserve	Group's share in associates' reserves	Translation of foreign currencies	Property, plant and equipment revaluation surplus	Total
	KD	KD	KD	KD	KD
As at 1 January 2015	4,488,441	(1,687,929)	50,208	5,547,886	8,398,606
Total comprehensive income for the period	(69,066)	94,902	-	-	25,836
<b>As at 31 March 2015</b>	<b>4,419,375</b>	<b>(1,593,027)</b>	<b>50,208</b>	<b>5,547,886</b>	<b>8,424,442</b>
As at 1 January 2016	3,097,895	195,025	222,070	5,547,886	9,062,876
Total comprehensive income for the period	169,033	47,177	148,437	-	364,647
<b>As at 31 March 2016</b>	<b>3,266,928</b>	<b>242,202</b>	<b>370,507</b>	<b>5,547,886</b>	<b>9,427,523</b>

**8. Financing from third party**

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Finance from third party – non current portion	126,775,165	116,225,325	97,886,717
Finance from third party – current portion	20,207,086	27,474,926	21,924,598
	<u>146,982,251</u>	<u>143,700,251</u>	<u>119,811,315</u>
Cost rate (%)	<u>3.75-4.75</u>	<u>3.75-4.75</u>	<u>3.75 - 4</u>

Finance granted by third party represents murabaha and Tawarraq contracts. Most of the finance granted by third party is defined by contracts over a period of 6-20 years including a grace period of one year. Part of the contracts is renewed for one year or more during the specified period. The above details represent the financing based on the latest renewal as per the contracts.

Finance granted by third party is secured against mortgage of the following assets.

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Property, plant and equipment	28,372,571	28,607,640	29,350,955
Investment Property	277,299,000	238,290,960	211,901,804

Notes to interim condensed consolidated financial information (unaudited)  
For the three month period ended 31 March 2016

9. Payables and other credit balances

	31 March 2016	31 December 2015 (audited)	31 March 2015
	KD	KD	KD
Trade payables	1,075,043	1,163,728	1,580,251
Retentions	3,011,718	3,104,594	1,353,447
Accrued expense	3,651,492	3,319,869	2,879,869
Revenues received in advance	9,268,527	9,632,725	685,034
Deposits from others	3,551,361	3,129,845	1,142,459
Kuwait Foundation for the Advancement of Science (KFAS)	159,999	159,999	194,219
National Labour Support Tax (NLST)	598,978	518,383	538,427
Zakat payable	183,465	206,991	229,326
Dividends payable to shareholders	9,495,743	681,988	10,285,112
Financial claims (Note 17)	1,575,699	-	-
Other credit balances	1,802,283	769,714	1,279,508
	<u>34,374,308</u>	<u>22,687,836</u>	<u>20,167,652</u>

10. Net profit from investment properties

	For the three month period ended 31 March	
	2016	2015
	KD	KD
Real estate rental income	4,095,429	3,505,254
Operating expenses	(820,951)	(721,674)
	<u>3,274,478</u>	<u>2,783,580</u>

11. Net profit on investments

	For the three month period ended 31 March	
	2016	2015
	KD	KD
<b>Available for sale investments</b>		
Gain on sale	11,055	-
Cash dividends	241,380	131,506
	<u>252,435</u>	<u>131,506</u>
<b>Financial investments at fair value through profit or loss</b>		
Change in fair value	201,451	-
Cash dividends	398,693	247,855
	<u>600,144</u>	<u>247,855</u>
	<u>852,579</u>	<u>379,361</u>

**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three month period ended 31 March 2016**

**12. Basic earnings per share for the Parent Company's shareholders**

Basic earnings per share is computed by dividing the net profit attributable to the Parent Company's shareholders for the period by the weighted average number of outstanding ordinary shares less weighted average number of outstanding treasury shares during the period as follows:

	<b>Three months ended 31 March</b>	
	<b>2016</b>	<b>2015 (Restated)</b>
Net profit for the period (KD)	3,360,623	1,906,071
Weighted average number of outstanding shares (share)	1,766,445,232	1,768,276,402
<b>Basic EPS (fils)</b>	<b>1.90</b>	<b>1.08</b>

Earnings per share and the weighted average number of outstanding shares for the comparative period were adjusted to include the effect of bonus shares distribution which was approved in the shareholders' general assembly meeting on 29 March 2015.

**13. Related parties transactions**

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, and associates in which the company has representatives in their board. The transactions with related parties are subject to approval of the shareholders at the general assembly. Significant related party transactions and balances resulting therefrom were as follows:

	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	KD	KD	KD
<b>Condensed Consolidated interim statement of financial position</b>			
Receivables and other debit balances	57,488	112,105	166,270
Balances due to key management	721,028	718,182	711,671
<b>Interim condensed consolidated statement of income</b>			
Key management benefits	136,844	978,492	38,077
Gains of bargain purchase	2,158,925	-	-

**14. Capital commitments and contingent liabilities**

	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	KD	KD	KD
<b>Capital commitments</b>			
Uncalled capital – investments	2,675,541	2,675,541	5,279,000
Contract for projects and investment properties under development	2,059,822	2,894,342	260,351
	<u>4,735,363</u>	<u>5,569,883</u>	<u>5,539,351</u>
<b>Contingent liabilities</b>			
Letters of guarantee	4,122,436	4,122,436	4,056,286



**Notes to interim condensed consolidated financial information (unaudited)**  
**For the three month period ended 31 March 2016**

**16. Fair value estimation**

The fair values of financial assets and liabilities are estimated as follows.

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in an active market for similar instruments or prices quoted by managers of investment funds or other valuation techniques where all the important inputs are based on comparative market data either directly or indirectly.
- Level 3: Valuation techniques in which the inputs that are not based on any comparative market data.

Fair value of financial assets and liabilities of the Group measured at fair value on a periodical basis is as follows:

Financial assets	Fair value as of				Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
	31 March 2016	31 December 2015 (audited)	31 March 2015	Date of Business Evaluation				Fair value level
	KD	KD	KD					
Available for sale Investments	1,083,399	914,285	1,094,120	2016/3/31	First	Last bid price	N/A	N/A
Available for sale Investments	20,387,391	20,400,826	22,323,519	2015/12/31	Second	Quoted net unit value	N/A	N/A
Available for sale Investments	37,135	37,135	37,135	2015/12/31	Third	Technical valuation techniques	market risk adjusted carrying value	The higher market risk the lower the fair value
Investments at fair value through profit or loss	-	-	-	-	First	Last bid price	N/A	N/A
Investments at fair value through profit or loss	27,432,119	27,289,220	18,544,029	2016/3/31	Second	Last bid price	N/A	N/A

Fair value of financial assets and liabilities of the Group not measured at fair value on a periodical basis is as follows (provided that disclosing the fair value):

	31 March 2016		31 December 2015		31 March 2015	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	KD	KD	KD	KD	KD	KD
<b>Financial assets</b>						
<b>Loans and receivables</b>						
- Due from related parties	57,488	57,488	112,105	112,105	166,270	166,270
- Trade and non-trading receivable	6,418,345	6,418,345	9,758,963	9,758,963	7,736,962	7,736,962
- Cash and cash equivalents	7,447,247	7,447,247	7,006,106	7,006,106	3,480,290	3,480,290
	<u>13,923,080</u>	<u>13,923,080</u>	<u>16,877,174</u>	<u>16,877,174</u>	<u>11,383,522</u>	<u>11,383,522</u>
<b>Financial liabilities</b>						
<b>Financial liabilities (at amortized cost)</b>						
- Financing from third party	146,982,251	145,347,113	143,700,251	142,733,342	119,811,315	116,585,354
- Payables and other credit balances	34,374,308	34,374,308	22,684,836	22,684,836	20,167,652	20,167,652
	<u>181,356,559</u>	<u>179,721,421</u>	<u>166,385,087</u>	<u>165,418,178</u>	<u>139,978,967</u>	<u>136,753,006</u>

**Notes to interim condensed consolidated financial information (unaudited)**  
 For the three month period ended 31 March 2016

**16. Fair value estimation (Continued)**

	<b>Fair value hierarchy within level (3)</b>		
	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Financial assets</b>			
Loans and receivables	13,923,080	16,877,174	11,383,522
<b>Total</b>	<b>13,968,608</b>	<b>16,877,174</b>	<b>11,383,522</b>
<b>Financial liabilities</b>			
Financial liabilities (at amortized cost)	179,721,421	165,418,178	136,753,006
<b>Total</b>	<b>179,721,421</b>	<b>165,418,178</b>	<b>136,753,006</b>

The fair value of financial assets and liabilities are categorized under level 3 below by using recognized valuation technique such as discounted cash flows, price multiple or adjusted fair value. Reconciliation of Level 3 fair value measurements is as follows:

	<b>Unquoted available for sale investments</b>		
	<b>31 March 2016</b>	<b>31 December 2015 (audited)</b>	<b>31 March 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Balance as at the beginning of the period/year	37,135	62,792	62,792
Total profits or losses:			
- In the statement of income	-	(25,657)	(25,657)
Balance at end of the period/year	<b>37,135</b>	<b>37,135</b>	<b>37,135</b>

Transfers out of level 3 represent investments carried at cost since they are acquired recently.

**17. Financial claims**

During the period, the Parent Company was notified that the General Authority for Zakat and Tax in the Kingdom of Saudi Arabia assessed tax for capital gains on a deemed profit basis on the Parent Company and other investors for one of the investments which the Company has exited from since 2009.

The Parent Company's share in such tax assessment is KD 2,867,000. The Group believes that the value of the tax assessment mentioned in the notice is overestimated. The Group appointed a tax consultant for it in KSA and filed a formal objection to the tax claim. Further, the Group recalculated its share in the tax assessment value. Based on this, the Parent Company recognised a claims provision of KD 1,575,699 in the interim condensed consolidated statement of income for the period ended 31 March 2016. This amount represents the best estimate of the outstanding liabilities until the value of the final liability is decided.

**18. Dividends**

On 27 March 2016 the annual general ordinary assembly was held and approved distribution of cash dividends at 5% (5 fils per share) to the shareholders of record as of the date of the general assembly (31 December 2014: cash dividends at 6% and bonus shares at 5%).