



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

Interim Condensed Consolidated Financial Information (Unaudited)
And review report for the nine month period ended 30 September 2015

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



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

Independent 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 30 September 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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 Standards 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.

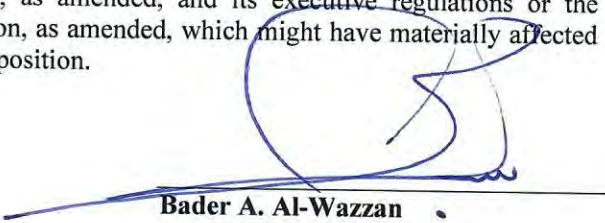
Conclusion

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. We further report that nothing have come to our attention indicating occurrence contraventions during the nine-month period ended 30 September 2015, of the Companies' Law No. 25 of 2012, as amended, and its executive regulations or the 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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**Commercial Real Estate Company K.P.S.C.
and its subsidiaries
State of Kuwait**



**Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2015**

		30 September 2015	31 December 2014 (Audited)	30 September 2014
	Notes	KD	KD	KD
Assets				
Non-current assets				
Property, plant and equipment		29,293,572	29,158,985	28,550,358
Projects in progress		-	1,730,774	24,301,613
Investment properties	3	283,646,182	286,144,100	246,253,524
Investments in associates	4	33,782,401	32,673,424	29,583,468
Available for sale investments	5	19,764,019	21,943,443	19,840,499
		<u>366,486,174</u>	<u>371,650,726</u>	<u>348,529,462</u>
Current assets				
Land and real estate held for trading		8,825,450	8,535,263	7,834,900
Investments at fair value through profit or loss		18,544,029	18,544,029	10,240,683
Receivables and other debit balances	6	11,271,680	6,567,722	17,969,840
Cash and bank balances	7	3,169,050	6,529,424	6,909,254
		<u>41,810,209</u>	<u>40,176,438</u>	<u>42,954,677</u>
Total assets		<u>408,296,383</u>	<u>411,827,164</u>	<u>391,484,139</u>
Equity and liabilities				
Equity attributable to shareholders of the Parent Company				
Share capital	8	178,708,714	170,198,775	170,198,775
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	9	(1,979,097)	(1,808,875)	(1,622,202)
Statutory reserve		30,163,475	30,163,475	28,192,606
Voluntary reserve		24,440,329	24,440,329	23,454,895
Other reserves	10	7,013,766	8,398,606	5,979,793
Retained earnings		24,272,293	35,187,204	27,155,314
Total equity attributable to shareholders of the Parent Company		<u>263,927,864</u>	<u>267,887,898</u>	<u>254,667,565</u>
Non-controlling interests		<u>12,137,925</u>	<u>12,379,733</u>	<u>10,614,782</u>
Total equity		<u>276,065,789</u>	<u>280,267,631</u>	<u>265,282,347</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,056,611	1,073,375	1,156,016
Finance from third parties	11	99,032,283	96,740,402	93,797,517
		<u>100,088,894</u>	<u>97,813,777</u>	<u>94,953,533</u>
Current liabilities				
Accounts payables and other credit balances	12	7,883,766	10,578,282	7,240,631
Finance from third parties	11	24,257,934	23,167,474	24,007,628
		<u>32,141,700</u>	<u>33,745,756</u>	<u>31,248,259</u>
Total liabilities		<u>132,230,594</u>	<u>131,559,533</u>	<u>126,201,792</u>
Total equity and liabilities		<u>408,296,383</u>	<u>411,827,164</u>	<u>391,484,139</u>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.


Abdul Fatah M.R. Marafie
Chairman


Adwan M. Al-Adwani
Vice Chairman

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



Interim condensed consolidated statement of income (Unaudited)
For the nine months ended 30 September 2015

		Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
	Notes	KD	KD	KD	KD
Revenue					
Net profit from investment properties	13	4,512,413	6,461,115	10,308,217	12,161,462
Profits on sale of land and real estate held for trading		43,301	-	86,734	9,176
Net hotel losses	14	(275,864)	(500,925)	(302,307)	(724,730)
Net profits from investments in associate companies		252,967	282,228	549,913	1,090,917
Net profit from investments	15	392,449	315,556	2,939,956	742,045
Foreign currency valuation differences		(7,812)	(156,193)	3,774	(178,351)
Reversal of provision for doubtful debts		-	-	-	294,175
Reversal of claims provision		-	647,528	-	647,528
Other operating income		9,747	2,472	163,445	52,552
Total revenues		<u>4,927,201</u>	<u>7,051,781</u>	<u>13,749,732</u>	<u>14,094,774</u>
Expenses and other charges					
General and administrative expenses		459,059	609,432	1,603,935	1,929,801
Finance charges		1,261,855	1,219,701	3,663,934	3,378,105
Total expenses		<u>1,720,914</u>	<u>1,829,133</u>	<u>5,267,869</u>	<u>5,307,906</u>
Net profit before deductions		3,206,287	5,222,648	8,481,863	8,786,868
Contribution to KFAS		(19,742)	(42,428)	(47,772)	(63,627)
National Labor Support Tax		(70,107)	(119,547)	(176,648)	(185,356)
Zakat Expense		(22,977)	(47,163)	(55,135)	(70,877)
Net profit for the period		<u>3,093,461</u>	<u>5,013,510</u>	<u>8,202,308</u>	<u>8,467,008</u>
Distributed as follows:					
Shareholders of the Parent Company		2,925,396	4,863,682	7,691,789	7,979,177
Non-controlling interests		168,065	149,828	510,519	487,831
		<u>3,093,461</u>	<u>5,013,510</u>	<u>8,202,308</u>	<u>8,467,008</u>
Earnings per share for Parent Company's shareholders (fils)					
	16	<u>1.66</u>	<u>2.75</u>	<u>4.35</u>	<u>4.50</u>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Commercial Real Estate Company K.P.S.C.
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Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine months ended 30 September 2015

	Three months ended 30 September		Nine months ended 30 September	
	2015 KD	2014 KD	2015 KD	2014 KD
Net profit for the period	3,093,461	5,013,510	8,202,308	8,467,008
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to the statement of income:</i>				
Group's share in associates' reserves	94,111	(59,835)	124,031	8,319
Foreign currency translation difference	85,937	-	117,610	-
Available for sale investments				
Change in fair value reserve	158,119	82,525	171,477	98,151
Transfer to statement of income resulting from sale	(17,999)	-	(1,797,958)	-
	140,120	82,525	(1,626,481)	98,151
Total other comprehensive income items	320,168	22,690	(1,384,840)	106,470
Total comprehensive income for the period	<u>3,413,629</u>	<u>5,036,200</u>	<u>6,817,468</u>	<u>8,573,478</u>
Distributed as follows:				
Shareholders of the Parent Company	3,245,564	4,886,372	6,306,949	8,085,647
Non-controlling interests	168,065	149,828	510,519	487,831
	<u>3,413,629</u>	<u>5,036,200</u>	<u>6,817,468</u>	<u>8,573,478</u>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

For the nine months ended 30 September 2015

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

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



Interim condensed consolidated statement of cash flows (Unaudited)
For the nine months ended 30 September 2015

Notes	Nine months ended 30 September	
	2015 KD	2014 KD
OPERATING ACTIVITIES		
Net profit for the period	8,202,308	8,467,008
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	1,213,085	1,682,253
Gains on sale of investment properties	13 (1,317,200)	(4,131,140)
Reversal of provision of claims	-	(647,528)
Profits on sale of land and real estate held for trading	(86,734)	(9,176)
Reversal of provision for doubtful debts	-	(294,175)
Net profits from investments in associate companies	(549,913)	(1,090,917)
Net profit from investments	(2,939,956)	(742,045)
Foreign currency valuation differences	(3,774)	178,351
Finance charges	3,663,934	3,378,105
Employees' end of service indemnity made during the period	114,626	166,250
Operating gain before working capital changes	8,296,376	6,956,986
Lands and real estate held for trading	(203,453)	121,147
Investments at fair value through profit or loss	-	1,965,241
Receivables and other debit balances	(4,619,837)	(1,238,067)
Accounts payables and other credit balances	(2,471,508)	(3,053,416)
Employees' end of service indemnity paid during the period	(131,390)	(129,113)
<i>Net cash from operating activities</i>	<u>870,188</u>	<u>4,622,778</u>
Investing activities		
Paid for the acquisition of property, plant and equipment	(1,347,672)	(472,457)
Paid for projects in progress	-	(2,481,551)
Paid for acquisition of investment properties	(454,108)	(374,888)
Proceeds from sale of investment properties	6,000,000	5,500,000
Paid for acquisition of additional shares in associates	(1,234,459)	(2,432,036)
Cash dividends received from investments in associates	785,294	1,019,793
Paid for acquisition of available sale investments	(3,227,410)	(5,859,051)
Proceeds from sale of available for sale investments	5,604,288	295,375
Proceeds from murabaha with financial institutions	-	2,000,000
Cash dividends received	1,144,294	670,118
<i>Net cash from / (used in) investing activities</i>	<u>7,270,227</u>	<u>(2,134,697)</u>
Financing activities		
Finance from third parties	3,382,341	16,167,033
Paid for purchase of treasury shares	(170,222)	(1,090,087)
Finance charges paid	(4,407,660)	(3,690,747)
Paid for acquisition of an additional share in a subsidiary	(129,385)	(6,336)
Dividends paid	(9,595,616)	(10,101,145)
Net change in non-controlling equity	(580,247)	(604,827)
<i>Net cash (used in) / from financing activities</i>	<u>(11,500,789)</u>	<u>673,891</u>
Net change in cash and cash equivalents	(3,360,374)	3,161,972
Cash and cash equivalents at the beginning of the period	6,529,424	3,747,282
Cash and cash equivalents at the end of the period	<u>7 3,169,050</u>	<u>6,909,254</u>

The notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

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



Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

1. Overview of the Group

Commercial Real Estate Company - Kuwaiti Shareholding Company - Closed ("the Parent Company") was incorporated under articles of association No. 104/ m/ file No.1 in Kuwait on 4 February 1968 under commercial register No. 11329 and reregistered on 21 December 1981 under No. 239 in accordance with the provision of commercial companies law.. The main objectives of the Parent Company comprise of performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building construction, including sale, purchase and lease of land and real estate property, construction of buildings, utilizing of the financial surplus available to the Parent Company by investing it in financial portfolios managed by specialized companies and financial institutions; and establishing real estate funds and portfolio including management of these funds for its own and for third parties or as stated in the the Parent Company Article of association (Article No. 5) and Parent Company's Memorandum (Article No. 4).

The Parent Company's management shall carry out all its objectives for which it have been established in accordance with the Islamic Sharia principles.

On 18 January 2015, the Parent Company held the Extra-ordinary General Assembly of shareholders in accordance with an approval issued by Ministry of Commerce and Industry on 16 December 2014 and approval of CMA issued on 8 January 2015, to amend certain articles of the Parent Company's articles and memorandum of association. In such Extra-ordinary General Assembly meeting, all amendments on the Parent Company's articles and memorandum of association were approved to be in compliance with the provisions and rules of Companies Decree Law No. 25 of 2012 where certain articles therein were amended by Law No. 97 of 2013, as amended and its executive regulations. Such amendments were entered in the commercial register on 7 April 2015.

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.

This interim condensed consolidated financial information was authorized for issue by Company's Board of Director's on 11 November 2015.

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

Company name	Activity	Country of incorporation	30 September 2015	Ownership %	
				31 December 2014 (audited)	30 September 2014
Al Mutajara Real Estate Company K.S.C.C.	Investment real estate	Kuwait	71.71	71.33	70.32
Symphony Style Hotel Kuwait	Hotel services	Kuwait	100	100	100
Commercial Real Estate Development Company	Investment real estate	Bahrain	100	100	100

Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

1. Overview of the Group (Continued)

The financial statements of the above subsidiaries were consolidated using the financial information prepared by management as at 30 September 2015.

The total assets and liabilities of consolidated subsidiaries amounted to KD 42,558,344 and KD 1,529,052 respectively as at 30 September 2015 (31 December 2014: KD 43,457,851 and KD 1,352,477 respectively and 30 September 2014: KD 35,437,462 and KD 1,540,410 respectively). The total consolidated business results of the subsidiaries amounted to KD 2,135,512 for the period ended 30 September 2015 (30 September 2014: KD 2,061,913).

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard. 34: "Interim Financial Reporting". They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2014 annual consolidated financial statements. In the opinion of management all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The operating results for the nine-month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

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 2014, except for the adoption of new standards and amendments effective as of 1 January 2015. New standards and amendments apply for the first time in 2015. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information.

The nature and the impact of each new standard/amendment is described below:

IAS 19 Employee Benefits (Revised)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment would be relevant to the Group, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

Annual improvements to 2010-2012 Cycle

These improvements are effective from 1 June 2014. The Group has applied these amendments for the first time to these interim condensed consolidated financial information. They include:

Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

2. Basis of preparation (Continued)

• IFRS 2 Share-based Payments

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

These amendments do not have impact on the Group's accounting policies.

• IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not have impact on the Group's accounting policies.

• IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group did not apply the aggregation criteria in paragraph 12 of IFRS 8. The Group has presented reconciliation of segment assets to total assets in previous periods and it continues disclosing that in this interim condensed consolidated financial information.

• IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either amending the gross carrying value of assets to its market value or by determining the market value of the carrying value and amending the total carrying value proportionally to equal the carrying value resulting from this market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation amendments during the current interim period.

• IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Group as it does not receive any administrative services from other entities.

Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

2. Basis of preparation (Continued)

Annual improvements to 2011-2013 Cycle

These improvements are effective from 1 June 2014. The Group has applied these amendments for the first time to these interim condensed consolidated financial information. They include:

• IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This amendment is not relevant to the Group and its subsidiaries.

• IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolios exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolios exception in IFRS 13.

• IAS 40 Investment Properties

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In previous periods the Group has used IFRS 3, not IAS 40, to determine if the acquisition is of an asset or business. Accordingly, this amendment does not have impact on the Group's accounting policies.

3. Investment properties

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Balance as at the beginning of the period/year	286,144,100	257,247,496	257,247,496
Additions	454,108	2,667,321	374,888
Sales	(4,682,800)	(11,368,860)	(11,368,860)
Transferred from projects in progress	1,730,774	23,171,196	-
Change in fair value	-	14,426,947	-
Balance at the end of the period/year	<u>283,646,182</u>	<u>286,144,100</u>	<u>246,253,524</u>

During the period the "Dine Zone" development project was completed under projects in progress and was transferred to investment properties.

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Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

4. Investments in associates

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Balance as at the beginning of the period/year	32,673,424	21,658,409	21,658,409
Additions	1,234,459	5,124,730	2,432,036
Cash dividends	(785,294)	(1,019,793)	(1,019,793)
Transferred from available for sale investments	-	5,413,580	5,413,580
Translation of foreign currencies	104,559	50,208	-
Sales	(84,351)	-	-
Group's share in associates' reserves	124,031	1,295,031	8,319
Group's share in associates' business results	515,573	(20,043)	919,614
Net impairment losses	-	171,302	171,303
Balance at the end of the period/year	<u>33,782,401</u>	<u>32,673,424</u>	<u>29,583,468</u>

During the period the Group subscribed in the capital increase of the associate - Al-Salmiya Group Company for project development of KD 1,234,459. This has resulted in increase in the group ownership of 2.08%.

Investment in the associate, Al-Salmiya Group Company for project development of KD 11,404,183 as at 30 September 2015 is pledged against finance granted to the associate.

The Group's share in the results of associates are recorded based on the latest available financial statements and information.

5. Available for sale investments

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Investment in quoted shares	1,218,260	1,137,800	1,335,044
Investment in unquoted shares	15,269,532	12,556,388	10,689,890
Investment in unquoted real estate funds	3,276,227	8,249,255	7,815,565
	<u>19,764,019</u>	<u>21,943,443</u>	<u>19,840,499</u>

Available for sale investments include investment in unquoted shares of KD Nil as of 30 September 2015 (30 September 2014: KD 528,219) carried at cost as its fair value can not be reliably measured, and the Group's management has no indication of impairment in respect of those investments.

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



Notes to interim condensed consolidated financial information (Unaudited)
For the nine months ended 30 September 2015

6. Receivables and other debit balances

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Trade receivables	4,878,579	4,719,490	14,608,303
Due from related parties (see note 17)	31,377	154,107	101,554
Provision for doubtful debts	<u>(3,994,482)</u>	<u>(3,994,482)</u>	<u>(2,595,709)</u>
	915,474	879,115	12,114,148
Prepaid expenses	25,000	26,818	25,000
Payments under investment acquisition	8,908,803	4,264,498	4,392,977
Refundable deposits	185,696	166,601	161,600
Advance payments for purchase of property and equipment	694,430	736,861	666,163
Other debit balances	<u>542,277</u>	<u>493,829</u>	<u>609,952</u>
	<u>11,271,680</u>	<u>6,567,722</u>	<u>17,969,840</u>

Movement of provision for doubtful debts is as follows:

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Balance at beginning of the period/year	3,994,482	4,545,709	4,545,709
Provision created during the period/year	-	1,418,772	-
Reversal of provision for doubtful debts	-	(294,175)	(294,175)
Write-off	-	(1,675,824)	(1,655,825)
Balance at end of the period/year	<u>3,994,482</u>	<u>3,994,482</u>	<u>2,595,709</u>

7. Cash and bank balances

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Cash on hand	21,462	20,850	22,357
Cash at banks and financial institutions	3,147,588	6,496,065	6,873,798
Cash at investment portfolios	-	12,509	13,099
	<u>3,169,050</u>	<u>6,529,424</u>	<u>6,909,254</u>

8. Share capital

On 29 March 2015, the General Assembly of the Parent Company shareholders approved distribution of bonus shares of 5% (Note 21). Accordingly, the issued and paid up share capital amounted to KD 178,708,714 distributed over 1,787,087,137 shares with 100 fils per share, and all shares are in cash. This has been registered in the commercial register.

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9. Treasury shares

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Number of shares (No's)	21,688,693	18,789,860	16,789,860
Percentage of issued shares (%)	1.21	1.10	0.99
Market value (KD)	1,756,784	1,785,037	1,628,616

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 Parent Company, pursuant to the relevant instructions of the regulatory authorities.

10. Other reserve

	Change of fair value reserve KD	Group's share in associates' reserves KD	Translation of foreign currencies KD	Property, plant and equipment revaluation surplus KD	Total KD
As at 1 January 2014	1,993,323	(1,667,886)	-	5,547,886	5,873,323
Total comprehensive income for the period	98,151	8,319	-	-	106,470
As at 30 September 2014	2,091,474	(1,659,567)	-	5,547,886	5,979,793
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	(1,626,481)	124,031	117,610	-	(1,384,840)
As at 30 September 2015	2,861,960	(1,563,898)	167,818	5,547,886	7,013,766

11. Finance from third parties

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Finance from third parties – non current portion	99,032,283	96,740,402	93,797,517
Finance from third parties – current portion	24,257,934	23,167,474	24,007,628
	123,290,217	119,907,876	117,805,145
Cost rate (%)	3.75 – 4	3.75 – 4	3.75 – 5

The finance from third parties represents murabaha and tawaruq contracts. Part of the contracts is renewed for one year or more during the specified period.

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11. Finance from third parties (Continued)

The Group obtained finance against the pledge of the following assets:

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Property, plant and equipment	29,041,781	29,085,466	28,471,173
Projects in progress	-	-	13,683,716
Investment properties	221,424,672	210,105,380	199,432,894
Land and properties held for trading	-	-	1,228,380

12. Accounts payables and other credit balances

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Trade receivables	1,118,465	1,946,909	1,225,198
Retentions	1,363,078	1,293,722	1,125,246
Accrued expense	1,666,946	3,556,601	1,594,185
Income received in advance	535,730	689,030	744,074
Deposits from third party	1,277,114	1,110,690	1,171,168
Kuwait Foundation for the Advancement of Science	47,772	185,032	146,405
National Labor Support Tax	301,189	498,163	289,557
Accrued zakat expenses	55,135	218,706	87,626
Dividends payable to shareholders	724,778	204,060	231,522
Other credit balances	793,559	875,369	625,650
	<u>7,883,766</u>	<u>10,578,282</u>	<u>7,240,631</u>

13. Net profit from investment properties

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
Real estate rental income	3,917,857	3,555,005	10,997,406	10,417,985
Operating expenses	(722,644)	(1,225,030)	(2,006,389)	(2,387,663)
Net rental income	3,195,213	2,329,975	8,991,017	8,030,322
Profit on sales	1,317,200	4,131,140	1,317,200	4,131,140
	<u>4,512,413</u>	<u>6,461,115</u>	<u>10,308,217</u>	<u>12,161,462</u>

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14. Net hotel losses

	Three months ended 30 September		Nine months ended September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Net hotel revenues	949,137	907,902	3,776,458	3,864,028
Operating cost – including depreciation for the period	(1,225,001)	(1,408,827)	(4,078,765)	(4,588,758)
	<u>(275,864)</u>	<u>(500,925)</u>	<u>(302,307)</u>	<u>(724,730)</u>

Operating expenses include depreciation expenses of the hotel's building and its fixtures of KD 1,168,798 for the year period 30 September 2015 (30 September 2014: KD 1,665,115).

15. Net profit from investments

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Available for sale investments				
Net gain on sales	57,161	118	1,823,936	118
Cash dividends	88,457	117,899	369,396	312,727
	<u>145,618</u>	<u>118,017</u>	<u>2,193,332</u>	<u>312,845</u>
Financial investments at fair value through statement of income				
Change in fair value	-	-	-	(10,724)
Net gain on sales	-	101,217	-	106,650
Cash dividends	246,831	96,322	746,624	333,274
	<u>246,831</u>	<u>197,539</u>	<u>746,624</u>	<u>429,200</u>
	<u>392,449</u>	<u>315,556</u>	<u>2,939,956</u>	<u>742,045</u>

16. Earnings per share attributable to the Parent Company's shareholders

Earnings per share is calculated 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:

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Net profit for the period (KD)	2,925,396	4,863,682	7,691,789	7,979,177
Weighted average number of outstanding shares during the period (shares)	1,765,643,904	1,770,313,152	1,766,724,354	1,773,810,422
Earnings per share (fils)	<u>1.66</u>	<u>2.75</u>	<u>4.35</u>	<u>4.50</u>

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 (Note 21).

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17. 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:

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Interim Condensed Consolidated statement of financial position			
Receivables and other debit balances (note 6)	31,377	154,107	101,554
Interim condensed consolidated statement of income			
Key management benefits	290,736	1,195,191	320,560

18. Acquisition of share in a subsidiary

During the period, the Group increased its interest in the subsidiary, Al Mutajara Real Estate Company K.S.C.C., at 0.38% by acquiring interests from non-controlling entities for an amount of KD 129,385. The net carrying value of acquired assets and liabilities exceeds the paid consideration of KD 36,065 and this difference has been included within equity.

19. Capital commitments and contingent liabilities

	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Capital commitments			
Uncalled capital – investments	6,844,961	6,014,000	12,153,162
Contract for projects under development	251,182	931,524	2,504,153
	<u>7,096,143</u>	<u>6,945,524</u>	<u>14,657,315</u>
	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Contingent liabilities			
Letters of guarantee	<u>2,053,000</u>	<u>4,056,286</u>	<u>4,371,511</u>

20. Contingent assets

During 2014, the court of first instance issued a judgment in claim No. 115/2014 sales/2, filed by the Parent Company and others on sorting and separating the share of the owners from common land plots in Kuwait totaling 6,277 m². Parent Company's share of the plots reached 22%.

The court decided to offer such land for sale in a public auction as it has been unable to be sorted and divided. A judgment dated 7 January 2015 was issued to sell the larger part of the properties.

21. Dividends

On 29 March 2015, the Ordinary General Assembly of the shareholders has approved the financial statements for the year ended 31 December 2014 and approved distribution of cash dividends of 6% to the listed shareholders on the date of the Ordinary General Assembly meeting and distribution of bonus shares of 5% (5 shares for each 100 share) (Note 8).

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22. Segment information

The Group is organized into two major business segments; real estate and investment. Both segments results are reported to senior executive management. Further, Group's operating results, assets and liabilities are reported according to geographical areas in which it operates. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of interim condensed consolidated financial statements.

Business segment analysis in line with internal reports submitted to management is as follows:

	Nine months ended 30 September 2015			Nine months ended 30 September 2014		
	Real estate sector	Investment sector	Total	Real estate sector	Investment sector	Total
	KD	KD	KD	KD	KD	KD
Revenue	12,099,033	3,489,869	15,588,902	13,833,571	2,127,136	15,960,707
Direct cost	(2,550,137)	(154,969)	(2,705,106)	(3,136,671)	(198,866)	(3,335,537)
Gross profit	9,548,896	3,334,900	12,883,796	10,696,900	1,928,270	12,625,170
Unallocated costs			(4,685,262)			(3,979,811)
Currency valuation differences			3,774			(178,351)
Net profit for the period			8,202,308			8,467,008

Geographic distribution

- Assets and liabilities geographic distribution

	Assets			Liabilities		
	30 September 2015	31 December 2014 (Audited)	30 September 2014	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD	KD	KD	KD
State of Kuwait	342,099,421	352,581,744	345,158,702	88,521,099	83,089,680	83,942,123
Gulf countries	34,948,604	32,591,505	28,265,139	43,709,495	48,469,853	42,259,669
Other	31,248,358	26,653,915	18,060,298	-	-	-
	408,296,383	411,827,164	391,484,139	132,230,594	131,559,533	126,201,792

- Business results

	Nine months ended 30 September 2015			Nine months ended 30 September 2014		
	State of Kuwait	Gulf countries	Other	State of Kuwait	Gulf countries	Other
	KD	KD	KD	KD	KD	KD
Total income	13,059,730	(328,026)	1,018,028	13,221,997	565,959	306,818
Total expenses	(4,134,962)	(1,412,462)	(5,547,424)	(4,344,876)	(1,282,890)	-
Net profit	8,924,768	(1,740,488)	1,018,028	8,877,121	(716,931)	306,818
			8,202,308			8,467,008

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23. 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			Date of business valuation	Fair value level	Valuation techniques and key inputs	Significant unobservable inputs	Relation of unobservable inputs to fair value
	30 September 2015	31 December 2014 (audited)	30 September 2014					
Available for sale investments	1,218,260	1,137,800	1,335,044	2015/9/30	First	Last bid price	N/A	N/A
	18,508,624	20,742,851	17,511,287	2014/12/31	Second	Quoted net unit value	N/A	N/A
	37,135	62,792	465,949	2014/12/31	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
	18,544,029	18,544,029	10,240,683	2014/12/31	Second	Quoted net unit value	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):

	30 September 2015		31 December 2014 (audited)		30 September 2014	
	Carrying value KD	Fair value KD	Carrying value KD	Fair value KD	Carrying value KD	Fair value KD
Financial assets						
Loans and receivables						
- Due from related parties	31,377	31,377	154,107	154,107	101,554	101,554
- Trade and non-trade receivable	11,240,303	11,240,303	6,413,615	6,413,615	17,868,286	17,868,286
- Cash and cash equivalents	3,169,050	3,169,050	6,529,424	6,529,424	6,909,254	6,909,254
	<u>14,440,730</u>	<u>14,440,730</u>	<u>13,097,146</u>	<u>13,097,146</u>	<u>24,879,094</u>	<u>24,879,094</u>
Financial liabilities						
Financial liabilities (at amortized cost)						
- Financing from third party	123,290,217	119,983,791	119,907,876	117,868,017	117,805,145	112,966,671
- Accounts payables and other credit balances	7,883,766	7,883,766	10,578,282	10,578,282	7,240,631	7,240,631
	<u>131,173,983</u>	<u>127,867,557</u>	<u>130,486,158</u>	<u>128,446,300</u>	<u>125,045,776</u>	<u>120,207,302</u>

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23. Fair value estimation (Continued)

	Fair value hierarchy within level (3)		
	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Financial assets			
Loans and receivables	14,440,730	13,097,146	24,879,094
Total	14,440,730	13,097,146	24,879,094
Financial liabilities			
Financial liabilities (at amortized cost)	127,867,557	128,446,299	120,207,302
Total	127,867,557	128,446,299	120,207,302

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:

	Unquoted available for sale investments		
	30 September 2015	31 December 2014 (Audited)	30 September 2014
	KD	KD	KD
Balance as at the beginning of the period/year	62,792	6,002,414	6,002,414
Total profits or losses:			
- In the statement of income	(25,657)	-	-
- In the statement of other comprehensive income	-	-	-
Purchases	-	-	-
Disposals/adjustments	-	(5,413,580)	(5,536,465)
Transfers out of level 3	-	(526,042)	-
Balance at the end of the period/year	37,135	62,792	465,949

24. Comparative figures

Comparative figures are reclassified to conform with current presentation of interim condensed consolidated financial information as at 30 September 2015. This had no effect on the group's business results.