



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

**Interim Condensed Consolidated Financial Information**  
**for the six months ended 30 June 2015**  
**and Review Report**  
**(Unaudited)**



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**for the six months ended 30 June 2015**  
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**Commercial Real Estate Company K.P.S.C**  
State of Kuwait

**Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of 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 June 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (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 No. (34) "Interim Financial Reporting".

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or its executive regulations or of the Parent Company's Memorandum of incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2015 that might have had a material effect on the business of the Group or on its consolidated financial position.

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Kuwait, 12 August 2015

Interim condensed consolidated statement of financial position as at 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		29,436,957	29,158,985	28,657,796
Projects in progress		-	1,730,774	23,930,740
Investment properties	3	288,249,724	286,144,100	257,436,384
Investment in associates	4	32,116,232	32,673,424	27,325,039
Available for sale investments	5	18,056,887	21,943,443	19,881,308
		<u>367,859,800</u>	<u>371,650,726</u>	<u>357,231,267</u>
<b>Current assets</b>				
Land and real estates held for trading		8,930,436	8,535,263	7,834,900
Investments at fair value through profit or loss		18,544,029	18,544,029	10,525,082
Receivables and other debit balances	6	11,875,644	6,567,722	5,109,778
Cash and cash equivalents	7	5,054,850	6,529,424	2,710,283
		<u>44,404,959</u>	<u>40,176,438</u>	<u>26,180,043</u>
<b>Total assets</b>		<u>412,264,759</u>	<u>411,827,164</u>	<u>383,411,310</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to Parent Company's Shareholders</b>				
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	(1,874,529)	(1,808,875)	(1,480,295)
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	6,693,598	8,398,606	5,957,103
Retained earnings		21,325,879	35,187,204	22,291,631
<b>Total equity attributable to the Parent Company's Shareholders</b>		<u>260,765,850</u>	<u>267,887,898</u>	<u>249,923,099</u>
<b>Non-controlling interests</b>		<u>12,054,137</u>	<u>12,379,733</u>	<u>10,466,756</u>
<b>Total equity</b>		<u>272,819,987</u>	<u>280,267,631</u>	<u>260,389,855</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,033,383	1,073,375	1,189,780
Finance from third parties	11	110,000,714	96,740,402	96,137,266
		<u>111,034,097</u>	<u>97,813,777</u>	<u>97,327,046</u>
<b>Current liabilities</b>				
Payables and other credit balances		9,601,074	10,578,282	9,627,538
Finance from third parties	11	18,809,601	23,167,474	16,066,871
		<u>28,410,675</u>	<u>33,745,756</u>	<u>25,694,409</u>
<b>Total liabilities</b>		<u>139,444,772</u>	<u>131,559,533</u>	<u>123,021,455</u>
<b>Total equity and liabilities</b>		<u>412,264,759</u>	<u>411,827,164</u>	<u>383,411,310</u>

The accompanying notes 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 for the six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
<b>Revenues</b>					
Net investment properties income	12	3,012,224	2,913,808	5,795,804	5,700,347
Gain on sale of land and real estates held for trading		43,433	9,176	43,433	9,176
Net hotel losses	13	(51,891)	(136,670)	(26,443)	(223,805)
Net (losses)/ gains from investment in associates		(171,295)	527,335	296,946	808,689
Net gains from investments	14	2,168,146	164,632	2,547,507	426,489
Foreign currency exchange differences		3,845	(14,361)	11,586	(22,158)
Reversal of provision for doubtful debts	6	-	-	-	294,175
Other revenues		62,536	17,042	153,698	50,080
<b>Total revenues</b>		<b>5,066,998</b>	<b>3,480,962</b>	<b>8,822,531</b>	<b>7,042,993</b>
<b>Expenses and other charges</b>					
Administrative expenses and other charges		659,034	732,337	1,144,876	1,320,370
Finance cost		1,274,681	1,100,996	2,402,079	2,158,404
<b>Total expenses</b>		<b>1,933,715</b>	<b>1,833,333</b>	<b>3,546,955</b>	<b>3,478,774</b>
Net profit before deductions		3,133,283	1,647,629	5,275,576	3,564,219
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(18,843)	(8,288)	(28,030)	(21,199)
National Labor Support Tax (NLST)		(66,277)	(29,301)	(106,541)	(65,809)
Zakat expense		(21,538)	(9,117)	(32,158)	(23,714)
<b>Net profit for the period</b>		<b>3,026,625</b>	<b>1,600,923</b>	<b>5,108,847</b>	<b>3,453,497</b>
<b>Attributable to:</b>					
Parent Company's shareholders		2,860,322	1,444,400	4,766,393	3,115,494
Non-controlling interests		166,303	156,523	342,454	338,003
		<b>3,026,625</b>	<b>1,600,923</b>	<b>5,108,847</b>	<b>3,453,497</b>
<b>Earnings per share attributable to the Parent Company's shareholders (fils)</b>	15	<b>1.62</b>	<b>0.81</b>	<b>2.70</b>	<b>1.75</b>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
<b>Net profit for the period</b>	<u>3,026,625</u>	<u>1,600,923</u>	<u>5,108,847</u>	<u>3,453,497</u>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Group's share in associates' reserves	<u>(64,982)</u>	<u>15,306</u>	<u>29,920</u>	<u>68,154</u>
Exchange difference on translating foreign operations	<u>31,673</u>	<u>-</u>	<u>31,673</u>	<u>-</u>
<i>Available for sale investments:</i>				
Change in fair value	<u>56,768</u>	<u>5,561</u>	<u>13,358</u>	<u>15,626</u>
Transferred to statement of income from sales	<u>(1,754,303)</u>	<u>-</u>	<u>(1,779,959)</u>	<u>-</u>
	<u>(1,697,535)</u>	<u>5,561</u>	<u>(1,766,601)</u>	<u>15,626</u>
<b>Total other comprehensive income</b>	<u>(1,730,844)</u>	<u>20,867</u>	<u>(1,705,008)</u>	<u>83,780</u>
<b>Total comprehensive income for the period</b>	<u>1,295,781</u>	<u>1,621,790</u>	<u>3,403,839</u>	<u>3,537,277</u>
<b>Attributable to:</b>				
Parent Company's shareholders	<u>1,129,478</u>	<u>1,465,267</u>	<u>3,061,385</u>	<u>3,199,274</u>
Non-controlling interests	<u>166,303</u>	<u>156,523</u>	<u>342,454</u>	<u>338,003</u>
	<u>1,295,781</u>	<u>1,621,790</u>	<u>3,403,839</u>	<u>3,537,277</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Parent Company's shareholders							Non- controlling interests	Total equity	
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 10)	Retained earnings			Total
<b>Balance as at 1 January 2014</b>	170,198,775	1,308,384	(532,115)	28,192,606	23,454,895	5,873,323	29,320,650	257,816,518	10,738,652	268,555,170
Net profit for the period	-	-	-	-	-	-	3,115,494	3,115,494	338,003	3,453,497
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(948,180)	-	-	83,780	-	83,780	-	83,780
Effect of acquisition of a share in a subsidiary	-	-	-	-	-	-	-	(948,180)	-	(948,180)
Cash dividends	-	-	-	-	-	-	538	538	(6,874)	(6,336)
Cash dividends of a subsidiary	-	-	-	-	-	-	(10,145,051)	(10,145,051)	-	(10,145,051)
<b>Balance as at 30 June 2014</b>	170,198,775	1,308,384	(1,480,295)	28,192,606	23,454,895	5,957,103	22,291,631	249,923,099	10,466,756	260,389,855
<b>Balance as at 1 January 2015</b>	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	-	-	-	-	-	-	4,766,393	4,766,393	342,454	5,108,847
Other comprehensive income for the period	-	-	-	-	-	(1,705,008)	-	(1,705,008)	-	(1,705,008)
Purchase of treasury shares	-	-	(65,654)	-	-	-	-	(65,654)	-	(65,654)
Bonus shares distribution	8,509,939	-	-	-	-	-	(8,509,939)	-	-	-
Cash dividends	-	-	-	-	-	-	(10,116,334)	(10,116,334)	-	(10,116,334)
Amendments from consolidation of a subsidiary	-	-	-	-	-	-	(16,492)	(16,492)	(6,630)	(23,122)
Effect of acquisition of a share in a subsidiary	-	-	-	-	-	-	15,047	15,047	(81,173)	(66,126)
Cash dividends of a subsidiary	-	-	-	-	-	-	-	-	(580,247)	(580,247)
<b>Balance as at 30 June 2015</b>	178,708,714	1,308,384	(1,874,529)	30,163,475	24,440,329	6,693,598	21,325,879	260,765,850	12,054,137	272,819,987

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of cash flows for the six months ended 30 June 2015  
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2015	2014
<b>Cash flows from operating activities</b>			
Net profit for the period		5,108,847	3,453,497
<i>Adjustments:</i>			
Depreciation		803,818	1,114,555
Net gains from investment in associates		(296,946)	(808,690)
Net gains from investments		(2,547,507)	(426,489)
Foreign currency exchange differences		(11,586)	22,158
Reversal of provision for doubtful debts		-	(294,175)
Finance cost		2,402,079	2,158,404
Employees' end of service indemnity – formed during the period		91,141	117,000
Operating profit before changes in working capital		5,549,846	5,336,260
Land and real estates held for trading		(395,173)	111,971
Investments at fair value through profit or loss		-	(3,301,275)
Receivables and other debit balances		(4,759,306)	1,654,028
Payables and other credit balances		(1,187,365)	(2,223,866)
Cash (used in)/ generated from operating activities		(791,998)	1,577,118
Employees' end of service indemnity – paid during the period		(131,133)	(46,099)
Net cash (used in)/ generated from operating activities		(923,131)	1,531,019
<b>Cash flows from investing activities</b>			
Paid for purchase of property, plant and equipment		(1,081,790)	(11,088)
Paid for projects in progress		-	(2,110,678)
Paid for purchase of investment properties	3	(374,850)	(188,888)
Paid for acquisition of an additional share in a subsidiary		(66,126)	(6,336)
Paid for acquisition of available for sale investments		(1,580,397)	(875,752)
Proceeds from sale of available for sale investments		5,467,128	171,703
Proceeds from Murabaha with financial institutions		-	2,000,000
Cash dividends received		799,607	353,718
Cash dividends received from associates		336,494	623,794
Net cash generated from/ (used in) investing activities		3,500,066	(43,527)
<b>Cash flows from financing activities</b>			
Finance from third parties		8,902,439	10,722,218
Purchase of treasury shares		(65,654)	(948,180)
Finance cost paid		(2,776,227)	(1,752,183)
Cash dividends paid to shareholders		(9,531,820)	(9,943,321)
Net change in non-controlling interests		(580,247)	(603,025)
Net cash used in financing activities		(4,051,509)	(2,524,491)
<b>Net change in cash and cash equivalents</b>		(1,474,574)	(1,036,999)
<b>Cash and cash equivalents at beginning of the period</b>		6,529,424	3,747,282
<b>Cash and cash equivalents at end of the period</b>	7	5,054,850	2,710,283

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Notes to the Interim condensed consolidated Financial Statements for the six months ended 30 June 2015  
(Unaudited)**

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**1. Overview of the Group**

Commercial Real Estate Company is a Kuwaiti Shareholding Company Closed (“the Parent Company”) was incorporated under Articles of Association No. 104/M/ Vol. 1 on 4 February 1968 and registered in the Commercial Register on 28 February 1968 under No. 11329. And re-registered on 21 December 1981 under No. 239 in accordance with the provisions of commercial companies law. The main objectives of the Company are to carry out 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 Company by investing it in financial portfolios managed by specialized companies and financial institutions; and establishing real estate funds and portfolios and the management of these funds for its own and for third parties or as stated in the Company’s Article of Association (Article No. 5) and Company’s Memorandum (Article No. 4). The Company’s management shall carry out all its objectives for which it have been established in accordance with the Noble Islamic Sharia principles.

The Parent Company’s registered office is located in Jaber Al-Mubarak Street, Commercial Real Estate Company’s Building, Sharq, P.O. Box. 4119 Safat, 13042 Kuwait.

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

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

<u>Name of the Company</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership (%)</u>		
			<u>30 June 2015</u>	<u>31 December 2014</u>	<u>30 June 2014</u>
Al Motajara Real Estate Company	Real estate investment	Kuwait	71.52	71.33	70.32
Symphony Style Hotel (formerly: Missoni Hotel)	Hotels services	Kuwait	100	100	100
Commercial Real Estate Development Company	Real estate investment	Bahrain	100	100	-

The financial statements of the above subsidiaries are combined based on management accounts prepared by management as at 30 June 2015.

The total assets and liabilities of consolidated subsidiaries amounted to KD 41,934,748 and KD 1,493,989 respectively as at 30 June 2015 (KD 43,457,851 and KD 1,352,477 respectively as at 31 December 2014 - and KD 35,490,063 and KD 1,392,138 respectively as at 30 June 2014). The total business results of subsidiaries amounted to KD 1,534,734 for the period ended 30 June 2015 (KD 1,636,223 for the period ended 30 June 2014).

The interim condensed consolidated financial information was authorised for issuance by the Board of Directors on 12 August 2015.

**2. Basis of preparation**

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments considered necessary and the regular accruals for a fair presentation have been included.

The operating results for the six-month period ended 30 June 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 does not contain all information and disclosures required for the annual consolidated financial statements and should refer to the annual consolidated financial statements of the Group as at 31 December 2014.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014 except for the adoption of the new and amended IFRS that have become effective from 1 January 2015:

Notes to the Interim condensed consolidated Financial Statements for the six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

**New and revised IFRSs issued and effective**

In the current period, the Company has applied a number of new and revised IFRSs that are issued and effective. The application of these standards and amendments did not have a material impact on the Group's interim condensed consolidated financial information.

**New and revised IFRSs in issue but not yet effective**

**For annual periods beginning on or after 1 January 2016**

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortization
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group's Management do not anticipate that the application of these amendments will have a material impact on the Group's interim condensed consolidated financial information.

**Effective for annual periods beginning on or after 1 January 2018**

**IFRS 15 Revenue from Contracts with Customers**

The Group's Management anticipate that the application of these IFRS 15 in the future may have a material impact on amounts reported in respect of the Group's interim condensed consolidated financial information. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

**IFRS 9 Financial Instruments**

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

**3. Investement properties**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Balance at beginning of the period/year</b>	286,144,100	257,247,496	257,247,496
Additions during period/ year	374,850	2,667,321	188,888
Sales during period/ year	-	(11,368,860)	-
Transferred from project under progress	1,730,774	23,171,196	-
Changes at fair value	-	14,426,947	-
<b>Balance at end of the period/year</b>	<u>288,249,724</u>	<u>286,144,100</u>	<u>257,436,384</u>

During the period, The completion of the development, "Dine Zone" Project Runway within projects in progress was transferred to investment properties.

**4. Investment in associates**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Balance at beginning of the period/year</b>	32,673,424	21,658,409	21,658,409
Additions during period/ year	-	5,124,730	-
Share in net results	262,606	1,295,031	637,388
Transfers from available for sale investments	-	5,413,580	5,413,580
Cash dividends	(785,295)	(1,019,793)	(623,794)
Sales during period/ year	(84,351)	-	-
Foreign curenncy transaltion difference	19,928	50,208	-
Share in reserves	29,920	(20,043)	68,154
Reversal of impairment losses	-	171,302	171,302
<b>Balance at end of the period/ year</b>	<u>32,116,232</u>	<u>32,673,424</u>	<u>27,325,039</u>

Notes to the Interim condensed consolidated Financial Statements for the six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

The investment in the associate "Al Salmyia Group for Project Development" amounted to KD 10,251,513 as at 30 June 2015 is pledged against financing granted to that associate.

The Group recognized its share of associates' results based on the latest available financial statements and financial information.

5. Available for sale investments

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Investments in quoted shares	1,060,141	1,137,800	1,243,669
Investments in unquoted shares	13,720,519	12,556,388	10,812,774
Investments in unquoted real estate funds	3,276,227	8,249,255	7,824,865
	<u>18,056,887</u>	<u>21,943,443</u>	<u>19,881,308</u>

6. Receivables and other debit balances

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Trade receivables	4,850,244	4,719,490	4,863,597
Due from related parties	31,337	154,107	768,802
Provision for doubtful debts	(3,994,482)	(3,994,482)	(2,595,709)
	887,099	879,115	3,036,690
Prepaid expenses	25,000	26,818	25,000
Subscription in shares under allocation	9,046,745	4,264,498	857,972
Advance payments for purchase of property and equipment	690,430	736,861	374,890
Refundable deposits	185,445	166,601	161,601
Due from subsidiaries under liquidation	-	-	42,272
Other debit balances	1,040,925	493,829	611,353
	<u>11,875,644</u>	<u>6,567,722</u>	<u>5,109,778</u>

Following is the movement on provision for doubtful debts:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Balance at beginning of the period/year	3,994,482	4,545,709	4,545,709
Formed during the period/ year	-	1,418,772	-
Reversal of provision of doubtful debt	-	(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 cash equivalents

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Cash on hand	25,992	20,850	17,237
Cash at banks and financial institutions	4,028,808	6,496,065	2,357,347
Cash at portfolios	50	12,509	335,699
Murabaha placements at banks and financial institutions	1,000,000	-	-
Total cash and cash equivalents	<u>5,054,850</u>	<u>6,529,424</u>	<u>2,710,283</u>
Effective rate of return on Murabaha (%)	1.125	-	-

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8. Share capital

On 29 March 2015, the General Assembly of the Parent Company shareholders approved bonus shares of 5% (note 19) 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. The effect was mentioned in the commercial registered.

9. Treasury shares

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Number of shares - share	20,491,853	18,789,860	15,329,451
Percentage to issued shares (%)	1.15	1.10	0.90
Market value (KD)	1,721,316	1,785,037	1,456,298

The Parent Company management is required to retain reserves and retained earnings equivalent to the cost of treasury shares throughout the period, as per related regulatory authorization.

10. Other reserves

	Change in fair value reserve	Group's share in associates' reserves	Foreign currency transation reserve	Revaluation surplus of property, plant and equipment	Total
<b>Balance as at 1 January 2014</b>	1,993,323	(1,667,886)	-	5,547,886	5,873,323
Total comprehensive income for the period	15,626	68,154	-	-	83,780
<b>Balance as at 30 June 2014</b>	<u>2,008,949</u>	<u>(1,599,732)</u>	<u>-</u>	<u>5,547,886</u>	<u>5,957,103</u>
<b>Balance as at 1 January 2015</b>	4,488,441	(1,687,929)	50,208	5,547,886	8,398,606
Total comprehensive income for the period	(1,766,601)	29,920	31,673	-	(1,705,008)
<b>Balance as at 30 June 2015</b>	<u>2,721,840</u>	<u>(1,658,009)</u>	<u>81,881</u>	<u>5,547,886</u>	<u>6,693,598</u>

11. Finance from third parties

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Finance from third parties – non current portion	110,000,714	96,740,402	96,137,266
Finance from third parties – current portion	18,809,601	23,167,474	16,066,871
	<u>128,810,315</u>	<u>119,907,876</u>	<u>112,204,137</u>
Effective cost rate (%)	3.75 - 4	3.75 - 4	3.75 - 5

The finance from third parties represented in Murabaha and Tawaruq contracts. Part of the contracts is renewed annually or for more than a year within the specified period.

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

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Property, plant and equipment	29,141,966	29,085,466	28,628,293
Projects in progress	-	-	13,668,875
Investment properties	223,850,155	210,105,380	210,732,913
Land and real estates held for trading	-	-	1,228,380

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12. Net investment properties income

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Rental income	3,574,295	3,510,699	7,079,549	6,862,980
Operating expenses	(562,071)	(596,891)	(1,283,745)	(1,162,633)
Net rental income	<u>3,012,224</u>	<u>2,913,808</u>	<u>5,795,804</u>	<u>5,700,347</u>

13. Net hotel losses

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Net hotel revenues	1,364,183	1,457,233	2,827,321	2,956,126
Operating expenses – including depreciation	(1,416,074)	(1,593,903)	(2,853,764)	(3,179,931)
	<u>(51,891)</u>	<u>(136,670)</u>	<u>(26,443)</u>	<u>(223,805)</u>

Operating expenses include depreciation expenses of the hotel's building and its equipment of KD 775,812 for the period ended 30 June 2015 (KD 1,103,970 – 30 June 2014).

14. Net gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
<b>Available for sale investments</b>				
Gain on sale	1,766,775	-	1,766,775	-
Cash dividends	149,433	87,517	280,939	194,828
	<u>1,916,208</u>	<u>87,517</u>	<u>2,047,714</u>	<u>194,828</u>
<b>Investments at fair value through profit or loss</b>				
Change in fair value	-	(71,002)	-	(10,724)
Gains on sale	-	5,496	-	5,433
Cash dividends	251,938	142,621	499,793	236,952
	<u>251,938</u>	<u>77,115</u>	<u>499,793</u>	<u>231,661</u>
	<u>2,168,146</u>	<u>164,632</u>	<u>2,547,507</u>	<u>426,489</u>

15. Earnings per share

Earnings per share are calculated by dividing the attributable net profit to the shareholders of the Parent Company by the weighted average number of outstanding shares after deducting the weighted average number of the outstanding treasury shares during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Net profit for the period for the shareholders of the Parent Company	2,860,322	1,444,400	4,766,393	3,115,494
Weighted average number of outstanding shares (share)	1,767,190,205	1,773,319,703	1,767,273,533	1,775,588,039
Earnings per share (fils)	<u>1.62</u>	<u>0.81</u>	<u>2.70</u>	<u>1.75</u>

Earnings per share for the comparative period have been adjusted as well as the weighted average number of outstanding shares to calculate the effect of bonus shares distribution that have been approved by the General Assembly meeting of the shareholders held on 29 March 2015 (note 19).

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16. Related party transactions

Related parties comprise of the Group's shareholders who have representation in the board of directors, board members, key management personnel, associate companies and companies in which the Company has representatives in their board. All transactions with related parties are subject to approval of the shareholders General Assembly. Significant related party transactions and balances resulting therefrom were as follows:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Consolidated statement of financial position</b>			
Receivables and other debit balances	31,337	154,107	768,802
<b>Consolidated statement of income</b>			
Key management benefits	174,254	1,195,191	224,990

17. Capital commitments and contingent liabilities

Capital commitments

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Uncalled capital – investments	2,106,000	6,014,000	12,154,980
Contracts for projects in progress	243,239	931,524	3,550,550
	<u>2,349,239</u>	<u>6,945,524</u>	<u>15,705,530</u>

Contingent liabilities

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Letters of guarantee	4,056,286	4,056,286	4,714,944

18. Contingent assets

During 2014, a court verdict was issued related to case no. 115/2014 sales/2 filed by the Parent Company and others related to sorting and splitting of owners' shares in freehold land plots in the State of Kuwait with a total area of 6,277 square meters. Parent Company's share of such land is 22%. Due to being unable to sort and split such lands, the Court decided to make a public auction for such lands for settling such dispute.

19. Dividends

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

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20. Segment information

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

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

	Six months ended 30 June 2015		
	Real estate segment	Investment segment	Total
Revenues	7,096,539	2,844,453	9,940,992
Direct costs	(1,667,098)	(104,688)	(1,771,786)
Gross profit	5,429,441	2,739,765	8,169,206
Unallocated costs			(3,071,945)
Currency valuation differences			11,586
Net profit			5,108,847

	Six months ended 30 June 2014		
	Real estate segment	Investment segment	Total
Revenues	6,648,351	1,529,352	8,177,703
Direct costs	(1,677,846)	(126,406)	(1,804,252)
Gross profit	4,970,505	1,402,946	6,373,451
Unallocated costs			(2,897,796)
Currency valuation differences			(22,158)
Net profit			3,453,497

Geographical distribution

Geographic distribution of assets and liabilities

	Assets		
	30 June 2015	31 December 2014 (Audited)	30 June 2014
Kuwait	347,374,278	352,581,744	342,795,249
GCC	34,804,045	32,591,505	25,416,089
Other	30,086,436	26,653,915	15,199,972
	412,264,759	411,827,164	383,411,310

	Liabilities		
	30 June 2015	31 December 2014 (Audited)	30 June 2014
Kuwait	91,308,384	83,089,680	82,125,388
GCC	48,136,388	48,469,853	40,896,067
	139,444,772	131,559,533	123,021,455

Operating results

	Six months ended 30 June 2015			
	Kuwait	GCC	Other	Total
Total revenues	8,528,796	(389,794)	683,529	8,822,531
Total expenses	(2,696,217)	(1,017,467)	-	(3,713,684)
Net profit/ (loss)	5,832,579	(1,407,261)	683,529	5,108,847

	Six months ended 30 June 2014			
	Kuwait	GCC	Other	Total
Total revenues	6,792,813	99,848	150,332	7,042,993
Total expenses	(2,795,404)	(794,092)	-	(3,589,496)
Net profit	3,997,409	(694,244)	150,332	3,453,497

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21. Fair value estimation

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

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

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Financial assets	Fair value as at			Valuation date	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2015	31 December 2014 (Audited)	30 June 2014					
Available for sale investments	1,060,141	1,137,800	1,243,669	30 June 2015	Level 1	Last bid price	N/A	N/A
	16,959,611	20,742,851	17,520,587	31 December 2014	Level 2	Net unit value announced	N/A	N/A
	37,135	62,792	588,833	31 December 2014	Level 3	Technical assessment methods	Adjusted book value of market risk	The higher market risk, the lower the fair value.
Investment at fair value through profit or loss	-	-	1,723,969	-	Level 1	Last bid price	N/A	N/A
	18,544,029	18,544,029	8,801,113	31 December 2014	Level 2	Net unit value announced	N/A	N/A

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required):

	30 June 2015		31 December 2014 (Audited)		30 June 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Loans and receivables						
- Due from related parties	31,337	31,337	154,107	154,107	768,802	768,802
- Trade and non-trade receivables	11,844,307	11,844,307	6,413,615	6,413,615	4,340,976	4,340,976
- Cash and cash equivalents	5,054,850	5,054,850	6,529,424	6,529,424	2,710,283	2,710,283
	<u>16,930,494</u>	<u>16,930,494</u>	<u>13,097,146</u>	<u>13,097,146</u>	<u>7,820,061</u>	<u>7,820,061</u>
<b>Financial liabilities</b>						
Financial liabilities (at amortized cost)						
- Finance from third parties	128,810,315	125,542,139	119,907,876	117,868,017	112,204,137	107,424,720
- Payables and other credit balances	9,601,074	9,601,074	10,578,282	10,578,282	9,627,538	9,627,538
	<u>138,411,389</u>	<u>135,143,213</u>	<u>130,486,158</u>	<u>128,446,299</u>	<u>121,831,675</u>	<u>117,052,258</u>

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	Fair value hierarchy within level (3)		
	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Financial assets</b>			
Loans and receivables	16,930,494	13,097,146	7,820,061
<b>Total</b>	<u>16,930,494</u>	<u>13,097,146</u>	<u>7,820,061</u>
<b>Financial liabilities</b>			
Financial liabilities (at amortized cost)	135,143,213	128,446,299	117,052,258
<b>Total</b>	<u>135,143,213</u>	<u>128,446,299</u>	<u>117,052,258</u>

The fair value of financial assets and liabilities included in level 3 below have been determined by using recognized valuation techniques such as discounted cash flows, price multiple or adjusted carrying value.

Reconciliation of Level 3 fair value measurements is as follows:

	Unquoted available for sale investments		
	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>Balance at the beginning of the period/ year</b>	62,792	6,002,414	6,002,414
Total gains or losses:			
- in profit or loss	(25,657)	-	-
- in other comprehensive income	-	-	-
Purchases	-	-	-
Disposals/settlements	-	(5,413,580)	(5,413,581)
Transfers out of level 3	-	(526,042)	-
<b>Balance at the end of the period/ year</b>	<u>37,135</u>	<u>62,792</u>	<u>588,833</u>

Transfers out of level 3 represents investments carried at cost as it was recently acquired.