



**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 2014**  
**and Review Report**  
**(Unaudited)**



Commercial Real Estate Company - K.P.S.C  
and its subsidiaries  
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**Interim Condensed Consolidated Financial Information  
for the six months ended 30 June 2014  
and Review Report  
(Unaudited)**

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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 2014, 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".

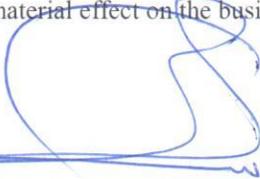
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards 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 during the six-month period ended 30 June 2014 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

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

Kuwait, 13 August 2014

**Interim condensed consolidated statement of financial position as at 30 June 2014  
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2014	31 December 2013 (Audited)	30 June 2013
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		28,657,796	29,761,263	30,873,837
Projects in progress		23,930,740	21,820,062	17,954,205
Investment properties	3	257,436,384	257,247,496	242,200,932
Investment in associates	4	27,325,039	21,658,409	25,271,990
Available for sale investments	5	28,682,421	29,627,783	29,628,080
		<u>366,032,380</u>	<u>360,115,013</u>	<u>345,929,044</u>
<b>Current assets</b>				
Land and real estates held for trading		7,834,900	7,946,871	9,923,452
Investments at fair value through profit or loss		1,723,969	1,804,292	1,740,973
Receivables and other debit balances	6	5,152,791	6,806,818	6,702,482
Cash and cash equivalents	7	2,710,283	5,747,282	9,828,553
		<u>17,421,943</u>	<u>22,305,263</u>	<u>28,195,460</u>
<b>Total assets</b>		<u>383,454,323</u>	<u>382,420,276</u>	<u>374,124,504</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to Parent Company's shareholders</b>				
Share capital		170,198,775	170,198,775	183,481,393
Share premium		1,308,384	1,308,384	1,410,492
Treasury shares	8	(1,480,295)	(532,115)	(19,621,484)
Statutory reserve		28,192,606	28,192,606	26,610,698
Voluntary reserve		23,454,895	23,454,895	22,663,941
Other reserves	9	5,957,103	5,873,323	6,886,982
Retained earnings		22,291,631	29,320,650	29,414,700
<b>Total equity attributable to the Parent Company's shareholders</b>		<u>249,923,099</u>	<u>257,816,518</u>	<u>250,846,722</u>
<b>Non-controlling interests</b>		<u>10,466,756</u>	<u>10,738,652</u>	<u>9,642,220</u>
<b>Total equity</b>		<u>260,389,855</u>	<u>268,555,170</u>	<u>260,488,942</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,189,780	1,118,879	1,003,010
Financing from third party	10	96,137,266	86,969,761	91,093,220
		<u>97,327,046</u>	<u>88,088,640</u>	<u>92,096,230</u>
<b>Current liabilities</b>				
Payables and other credit balances		9,670,551	11,286,466	8,099,332
Financing from third party	10	16,066,871	14,490,000	13,440,000
		<u>25,737,422</u>	<u>25,776,466</u>	<u>21,539,332</u>
<b>Total liabilities</b>		<u>123,064,468</u>	<u>113,865,106</u>	<u>113,635,562</u>
<b>Total equity and liabilities</b>		<u>383,454,323</u>	<u>382,420,276</u>	<u>374,124,504</u>

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



**Abdul Fatah M.R. Marafie**  
Chairman and Managing Director

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

Interim condensed consolidated statement of income for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
<b>Revenues</b>					
Net investment properties income	11	2,913,808	2,520,286	5,700,347	4,840,142
Gain on sale of land and real estates held for trading		9,176	-	9,176	5,847,541
Net hotel losses	12	(136,670)	(243,192)	(223,805)	(413,934)
Net gains/ (losses) from investment in associates		527,335	20,489	808,689	(163,462)
Net gains from investments	13	164,632	1,232,682	426,489	661,691
Foreign currency exchange differences		(14,361)	(14,791)	(22,158)	(131,829)
Reserval of provision for doubtful debts	6	-	-	294,175	-
Other revenues		17,042	4,516	50,080	39,758
Total revenues		<u>3,480,962</u>	<u>3,519,990</u>	<u>7,042,993</u>	<u>10,679,907</u>
<b>Expenses and other charges</b>					
Administrative expenses and other charges		732,337	603,614	1,320,370	1,119,470
Finance cost		1,100,996	1,135,131	2,158,404	2,240,911
Total expenses		<u>1,833,333</u>	<u>1,738,745</u>	<u>3,478,774</u>	<u>3,360,381</u>
Net profit before deductions		1,647,629	1,781,245	3,564,219	7,319,526
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(8,288)	(14,409)	(21,199)	(63,542)
National Labor Support tax (NLST)		(29,301)	(39,524)	(65,809)	(175,733)
Zakat expense		(9,117)	(15,485)	(23,714)	(69,969)
<b>Net profit for the period</b>		<u>1,600,923</u>	<u>1,711,827</u>	<u>3,453,497</u>	<u>7,010,282</u>
<b>Attributed to:</b>					
Parent Company's shareholders		1,444,400	1,567,629	3,115,494	6,786,978
Non-controlling interests		156,523	144,198	338,003	223,304
		<u>1,600,923</u>	<u>1,711,827</u>	<u>3,453,497</u>	<u>7,010,282</u>
<b>Earnings per share to the Parent Company's shareholders (fils)</b>					
	14	<u>0.86</u>	<u>0.92</u>	<u>1.84</u>	<u>3.99</u>

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 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
<b>Net profit for the period</b>	1,600,923	1,711,827	3,453,497	7,010,282
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Change in fair value of available for sale investments	5,561	475,445	15,626	836,374
Group's share in associates' reserves	15,306	500,253	68,154	377,544
	20,867	975,698	83,780	1,213,918
<b>Total comprehensive income for the period</b>	1,621,790	2,687,525	3,537,277	8,224,200
<b>Attributed to:</b>				
Parent Company's shareholders	1,465,267	2,543,327	3,199,274	8,000,896
Non-controlling interests	156,523	144,198	338,003	223,304
	1,621,790	2,687,525	3,537,277	8,224,200

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 2014  
(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 9)	Retained earnings			Total
<b>Balance as at 1 January 2013</b>	183,481,393	1,410,492	(19,502,341)	26,610,698	22,663,941	5,673,064	30,991,571	251,328,818	14,119,756	265,448,574
Total comprehensive income for the period	-	-	-	-	-	1,213,918	6,786,978	8,000,896	223,304	8,224,200
Purchase of treasury shares	-	-	(119,143)	-	-	-	-	(119,143)	-	(119,143)
Effect of acquisition of a share in subsidiary	-	-	-	-	-	-	138,157	138,157	(138,157)	-
Cash dividends	-	-	-	-	-	-	(8,502,006)	(8,502,006)	-	(8,502,006)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(4,562,683)	(4,562,683)
<b>Balance as at 30 June 2013</b>	183,481,393	1,410,492	(19,621,484)	26,610,698	22,663,941	6,886,982	29,414,700	250,846,722	9,642,220	260,488,942
<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
Total comprehensive income for the period	-	-	-	-	-	83,780	3,115,494	3,199,274	338,003	3,537,277
Purchase of treasury shares	-	-	(948,180)	-	-	-	-	(948,180)	-	(948,180)
Effect of acquisition of a share in subsidiary	-	-	-	-	-	-	538	538	(6,874)	(6,336)
Cash dividends	-	-	-	-	-	-	(10,145,051)	(10,145,051)	-	(10,145,051)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(603,025)	(603,025)
<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

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 2014  
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended	
		30 June	
		2014	2013
<b>Cash flows from operating activities</b>			
Net profit for the period		3,453,497	7,010,282
<i>Adjustments:</i>			
Depreciation		1,114,555	1,115,253
Net (gains) /losses from investment in associates		(808,690)	163,462
Net gains from investments		(426,489)	(661,691)
Foreign currency exchange differences		22,158	131,829
Reversal of provision for doubtful debts		(294,175)	-
Finance cost		2,158,404	2,240,911
Employees' end of service indemnity – formed during the period		117,000	56,598
Operating profit before changes in working capital		5,336,260	10,056,644
Land and real estates held for trading		111,971	476,679
Investments at fair value through profit or loss		221,375	(198,628)
Receivables and other debit balances		1,654,028	2,716,239
Payables and other credit balances		(2,223,866)	(2,156,444)
Cash generated from operating activities		5,099,768	10,894,490
Employees' end of service indemnity – paid during the period		(46,099)	(132,140)
Net cash generated from operating activities		5,053,669	10,762,350
<b>Cash flows from investing activities</b>			
Paid for purchase of property, plant and equipment		(11,088)	(13,995)
Paid for projects in progress		(2,110,678)	(2,251,805)
Paid for purchase of investment properties	3	(188,888)	(416,290)
Paid for purchase of available for sale investments		(4,398,402)	(2,273,735)
Proceeds from sale of available for sale investments		171,703	3,191,501
Proceeds from Murabaha with financial institutions		2,000,000	3,000,000
Cash dividends received		353,718	216,882
Paid for acquisition of shares in associates		-	(2,717,215)
Cash dividends received from associates		623,794	-
Net cash used in investing activities		(3,559,841)	(1,264,657)
<b>Cash flows from financing activities</b>			
Financing from third party		10,722,218	7,277,966
Purchase of treasury shares		(948,180)	(119,143)
Finance cost paid		(1,752,183)	(2,341,600)
Cash dividends paid		(9,943,321)	(8,259,070)
Non-controlling interests		(609,361)	(4,562,683)
Net cash used in financing activities		(2,530,827)	(8,004,530)
<b>Net change in cash and cash equivalents</b>		(1,036,999)	1,493,163
<b>Cash and cash equivalents at beginning of the period</b>		3,747,282	6,235,390
<b>Cash and cash equivalents at end of the period</b>	7	2,710,283	7,728,553

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

**Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(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 reregistered 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 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 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 2014</u>	<u>31 December 2013</u>	<u>30 June 2013</u>
Al-Motajara Real Estate Company	Real estate investment	Kuwait	70.32	70.30	70.09
Symphony Style Hotel (formerly: Missoni Hotel)	Hotels services	Kuwait	100	100	100

The financial statements of the above subsidiaries are combined based on management accounts prepared by management as at 30 June 2014.

The interim condensed consolidated financial information was authorised for issuance by the Board of Directors on 13 August 2014.

**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 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

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 2013.

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 2013 except for the adoption of the new and amended IFRS that have become effective from 1 January 2014:

- *IAS 32 Offsetting Financial Assets and Financial Liabilities*
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*
- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

The adoption of these standards did not have any significant or material impact on the financial information of the Group.

**New standards issued but not yet effective.**

IFRS 9 “Financial Instruments: Classification & Measurement”.



Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6. Receivables and other debit balances

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Trade receivables	4,863,597	7,060,902	5,238,774
Non-trade receivables	-	1,950,000	1,950,000
Due from related parties	811,815	1,171,513	1,725,727
Provision for doubtful debts	(2,595,709)	(4,545,709)	(3,398,557)
	<u>3,079,703</u>	<u>5,636,706</u>	<u>5,515,944</u>
Prepaid expenses	25,000	26,010	25,000
Refundable deposits	161,601	160,226	128,101
Due from subsidiaries under liquidation	42,272	42,272	108,892
Other debit balances	1,844,215	941,604	924,545
	<u>5,152,791</u>	<u>6,806,818</u>	<u>6,702,482</u>

Following is the movement on provision for doubtful debts:

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Balance at beginning of the period/year	4,545,709	3,398,557	3,398,557
Formed during the period/ year	-	1,147,152	-
Reversal of provision	(294,175)	-	-
Write-off	(1,655,825)	-	-
Balance at end of the period/year	<u>2,595,709</u>	<u>4,545,709</u>	<u>3,398,557</u>

During the period, a settlement took place of a non-trade receivable of KD 1,950,000 which has been fully provided. In such settlement the Group received securities of KD 294,175 which have been classified as available for sale investments, and wrote-off the remaining debt of KD 1,655,825 in the implementation of the approved settlement agreement by Board of directors during 2011.

7. Cash and cash equivalents

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Cash on hand	17,237	29,153	15,919
Cash at banks and financial institutions	2,357,347	1,610,900	9,732,546
Cash at portfolios	335,699	107,229	80,088
Murabaha placements at banks and financial institutions	-	4,000,000	-
Total cash and cash equivalents	<u>2,710,283</u>	<u>5,747,282</u>	<u>9,828,553</u>
<b>Less:</b>			
Cash restricted against bank guarantee	-	-	(2,100,000)
Murabaha placements maturing in more than three months	-	(2,000,000)	-
Cash and cash equivalents (for the purpose of preparing statement of cash flows)	<u>2,710,283</u>	<u>3,747,282</u>	<u>7,728,553</u>
Rate of return on Murabaha (%)	-	0.87	-

Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. Treasury shares

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Number of shares - share	15,329,451	6,023,971	134,412,649
Percentage to issued shares (%)	0.90	0.35	7.33
Market value (KD)	1,456,298	554,205	12,500,376

According to the Capital Markets Authority Decree dated 30 December 2013, the Group management is required to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Group.

9. Other reserves

	Change in fair value reserve	Group's share in associates' reserves	Gain on sale of treasury shares	Revaluation surplus of property, plant and equipment	Total
<b>Balance as at 1 January 2013</b>	2,079,175	(2,120,212)	166,215	5,547,886	5,673,064
Total comprehensive income for the period	836,374	377,544	-	-	1,213,918
<b>Balance as at 30 June 2013</b>	2,915,549	(1,742,668)	166,215	5,547,886	6,886,982
<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>	2,008,949	(1,599,732)	-	5,547,886	5,957,103

10. Financing from third party

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Financing from third party – non current portion	96,137,266	86,969,761	91,093,220
Financing from third party – current portion	16,066,871	14,490,000	13,440,000
	112,204,137	101,459,761	104,533,220
Effective cost rate (%)	3.75 - 5	3.75 - 5	4 - 5

The financing from third party represented in Murabaha, Tawaruq and loans 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 2014	31 December 2013 (Audited)	30 June 2013
Property, plant and equipment	28,628,293	29,722,663	30,829,754
Projects in progress	13,668,875	12,750,000	10,802,623
Investment properties	210,732,913	207,515,642	207,931,932
Land and real estates held for trading	1,228,380	1,228,380	1,224,914

11. Net investment properties income

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Rental income	3,510,699	3,031,647	6,862,980	5,936,662
Operating expenses	(596,891)	(511,361)	(1,162,633)	(1,096,520)
Net rental income	2,913,808	2,520,286	5,700,347	4,840,142

Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

12. Net hotel losses

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
Net hotel revenues	1,457,233	1,281,139	2,956,126	2,644,601
Operating expenses – including depreciation	(1,593,903)	(1,524,331)	(3,179,931)	(3,058,535)
	<u>(136,670)</u>	<u>(243,192)</u>	<u>(223,805)</u>	<u>(413,934)</u>

13. Net gains from investments

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
<b>Available for sale investments</b>				
Gain on sale	-	1,018,984	-	997,511
Cash dividends	125,839	261,876	285,437	335,517
Impairment losses	-	-	-	(673,174)
	<u>125,839</u>	<u>1,280,860</u>	<u>285,437</u>	<u>659,854</u>
<b>Investments at fair value through profit or loss</b>				
Change in fair value	(71,002)	(112,133)	(10,724)	(87,020)
Gains on sale	5,496	7,850	5,433	21,958
Cash dividends	104,299	56,105	146,343	66,899
	<u>38,793</u>	<u>(48,178)</u>	<u>141,052</u>	<u>1,837</u>
	<u>164,632</u>	<u>1,232,682</u>	<u>426,489</u>	<u>661,691</u>

14. 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		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
Net profit for the period for the shareholders of the Parent Company	1,444,400	1,567,629	3,115,494	6,786,978
Weighted average number of outstanding shares (share)	1,688,220,315	1,700,401,279	1,690,488,651	1,700,824,032
Earnings per share (fils)	<u>0.86</u>	<u>0.92</u>	<u>1.84</u>	<u>3.99</u>

15. 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	31 December	30 June
	2014	2013	2013
		(Audited)	
<b>Consolidated statement of financial position</b>			
Receivables and other debit balances	811,815	1,171,513	1,725,727
Due to associates	43,013	11,212	3,331
<b>Consolidated statement of income</b>			
Key management benefits	224,990	965,131	228,968

Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16. Capital commitments and contingent liabilities

Capital commitments

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Uncalled capital – investments	12,154,980	911,268	562,213
Contracts for projects in progress	3,550,550	2,169,282	3,365,924
	<u>15,705,530</u>	<u>3,080,550</u>	<u>3,928,137</u>

Contingent liabilities

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Letters of guarantee	4,714,944	4,714,944	2,696,944

17. Dividends

The General Assembly of the shareholders has approved on 26 March 2014 the financial statements for the year ended 31 December 2013 and approved to distribute cash dividends of 6% to the listed shareholders on the date of the Ordinary General Assembly meeting.

18. 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:

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

	<u>Six months ended 30 June 2013</u>		
	<u>Real estate segment</u>	<u>Investment segment</u>	<u>Total</u>
Revenues	11,370,269	498,229	11,868,498
Direct costs	(1,450,909)	(56,727)	(1,507,636)
Gross profit	<u>9,919,360</u>	<u>441,502</u>	10,360,862
Unallocated costs			(3,218,751)
Currency valuation differences			(131,829)
Net profit			<u>7,010,282</u>

Geographical distribution

Geographic distribution of assets and liabilities

	<u>Assets</u>		
	30 June 2014	31 December 2013 (Audited)	30 June 2013
Kuwait	342,838,262	342,743,540	334,282,266
GCC	25,416,089	28,540,960	33,841,498
Other	15,199,972	11,135,776	6,000,740
	<u>383,454,323</u>	<u>382,420,276</u>	<u>374,124,504</u>

**Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)**

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

	<b>Liabilities</b>		
	<b>30 June 2014</b>	<b>31 December 2013 (Audited)</b>	<b>30 June 2013</b>
Kuwait	82,168,401	72,374,031	103,859,077
GCC	40,896,067	41,491,075	9,776,485
	<u>123,064,468</u>	<u>113,865,106</u>	<u>113,635,562</u>

**Operating results**

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

	<b>Six months ended 30 June 2013</b>			
	<b>Kuwait</b>	<b>GCC</b>	<b>Other</b>	<b>Total</b>
Total revenues	10,345,017	256,254	78,636	10,679,907
Total expenses	(3,457,788)	(211,837)	-	(3,669,625)
Net profit	6,887,229	44,417	78,636	7,010,282

**19. 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	<b>Fair value as at</b>			Valuation date	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	<b>30 June 2014</b>	<b>31 December 2013 (Audited)</b>	<b>30 June 2013</b>					
Available for sale investments	1,243,669	1,187,619	1,534,463	30 June 2014	Level 1	Last bid price	N/A	N/A
	26,321,700	21,909,531	16,983,386	31 December 2013	Level 2	Net unit value announced	N/A	N/A
	588,833	6,002,414	10,847,367	31 December 2013	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	1,804,292	1,740,973	30 June 2014	Level 1	Last bid price	N/A	N/A

Notes to the interim condensed consolidated financial information for the six months ended 30 June 2014  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

**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 2014		31 December 2013 (Audited)		30 June 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Loans and receivables						
- Due from related parties	811,815	811,815	1,171,513	1,171,513	1,725,727	1,725,727
- Trade and non-trade receivables	4,340,976	4,340,976	5,635,305	5,635,305	4,976,755	4,976,755
- Cash and cash equivalents	2,710,283	2,710,283	5,747,282	5,747,282	9,828,553	9,828,553
	<u>7,863,074</u>	<u>7,863,074</u>	<u>12,554,100</u>	<u>12,554,100</u>	<u>16,531,035</u>	<u>16,531,035</u>
<b>Financial liabilities</b>						
Financial liabilities (at amortized cost)						
- Financing from third party	112,204,137	107,424,720	101,459,761	99,406,178	104,533,220	99,034,589
- Payables and other credit balances	9,670,551	9,670,551	11,286,466	11,286,466	8,099,332	8,099,332
	<u>121,874,688</u>	<u>117,095,271</u>	<u>112,746,227</u>	<u>110,692,644</u>	<u>112,632,552</u>	<u>107,133,921</u>

**Fair value hierarchy within level (3)**

	30 June 2014	31 December 2013 (Audited)	30 June 2013
	<b>Financial assets</b>		
Loans and receivables	7,863,074	12,554,100	16,531,035
<b>Total</b>	<u>7,863,074</u>	<u>12,554,100</u>	<u>16,531,035</u>
<b>Financial liabilities</b>			
Financial liabilities (at amortized cost)	117,094,721	110,692,644	107,133,921
<b>Total</b>	<u>117,094,721</u>	<u>110,692,644</u>	<u>107,133,921</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 2014	31 December 2013 (Audited)	30 June 2013
<b>Balance at the beginning of the period/ year</b>	6,002,414	8,810,204	8,810,204
Total gains or losses:			
- in profit or loss	-	(1,509,035)	-
- in other comprehensive income	-	(330,412)	-
Purchases	-	50,000	2,037,163
Disposals/settlements	(5,413,581)	-	-
Transfers out of level 3	-	(1,018,343)	-
<b>Balance at the end of the period/ year</b>	<u>588,833</u>	<u>6,002,414</u>	<u>10,847,367</u>

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