



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

Interim Condensed Consolidated Financial Information
for the nine months ended 30 September 2014
and Review Report
(Unaudited)



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for the nine months ended 30 September 2014
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**Deloitte & Touche
Al-Wazzan & Co.**

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait

Tel: + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com



Al Johara Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

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 September 2014, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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".

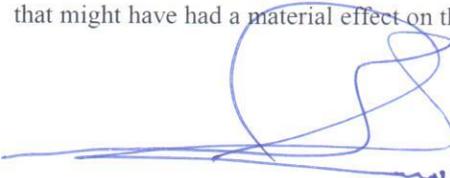
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards 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 nine-month period ended 30 September 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, 12 November 2014

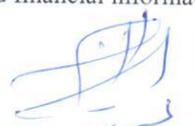
Interim condensed consolidated statement of financial position as at 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2014	31 December 2013 (Audited)	30 September 2013
Assets				
Non-current assets				
Property, plant and equipment		28,550,358	29,761,263	30,324,633
Projects in progress		24,301,613	21,820,062	19,518,032
Investment properties	3	246,253,524	257,247,496	242,277,816
Investment in associates	4	29,583,468	21,658,409	26,047,661
Available for sale investments	5	30,074,862	29,627,783	29,643,952
		<u>358,763,825</u>	<u>360,115,013</u>	<u>347,812,094</u>
Current assets				
Land and real estates held for trading		7,834,900	7,946,871	9,628,118
Investments at fair value through profit or loss		-	1,804,292	1,761,734
Receivables and other debit balances	6	18,051,206	6,806,818	6,178,908
Cash and cash equivalents		6,909,254	5,747,282	7,608,573
		<u>32,795,360</u>	<u>22,305,263</u>	<u>25,177,333</u>
Total assets		<u>391,559,185</u>	<u>382,420,276</u>	<u>372,989,427</u>
Equity and liabilities				
Equity attributable to Parent Company's shareholders				
Share capital		170,198,775	170,198,775	170,198,775
Share premium		1,308,384	1,308,384	1,308,384
Treasury shares	7	(1,622,202)	(532,115)	(119,143)
Statutory reserve		28,192,606	28,192,606	26,610,698
Voluntary reserve		23,454,895	23,454,895	22,663,941
Other reserves	8	5,979,793	5,873,323	6,535,069
Retained earnings		27,155,314	29,320,650	24,552,550
Total equity attributable to the Parent Company's shareholders		<u>254,667,565</u>	<u>257,816,518</u>	<u>251,750,274</u>
Non-controlling interests		<u>10,614,782</u>	<u>10,738,652</u>	<u>9,729,637</u>
Total equity		<u>265,282,347</u>	<u>268,555,170</u>	<u>261,479,911</u>
Liabilities				
Non-current liabilities				
Employees' end of service indemnity		1,156,016	1,118,879	1,081,003
Financing from third parties	9	93,797,517	86,969,761	85,042,819
		<u>94,953,533</u>	<u>88,088,640</u>	<u>86,123,822</u>
Current liabilities				
Payables and other credit balances	10	7,315,677	11,286,466	7,645,694
Financing from third parties	9	24,007,628	14,490,000	17,740,000
		<u>31,323,305</u>	<u>25,776,466</u>	<u>25,385,694</u>
Total liabilities		<u>126,276,838</u>	<u>113,865,106</u>	<u>111,509,516</u>
Total equity and liabilities		<u>391,559,185</u>	<u>382,420,276</u>	<u>372,989,427</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 nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
Revenues					
Net investment properties income	11	6,461,115	2,699,232	12,161,462	7,539,374
Gain on sale of land and real estates held for trading		-	18,844	9,176	5,866,385
Net hotel losses	12	(500,925)	(436,654)	(724,730)	(850,588)
Net gains from investment in associates	4	282,228	321,115	1,090,917	157,653
Net gains from investments	13	315,556	218,861	742,045	880,552
Foreign currency exchange differences		(156,193)	61,995	(178,351)	(69,834)
Reversal of provision for doubtful debts	6	-	39,670	294,175	39,670
Reversal of provision for claims	10	647,528	-	647,528	-
Other revenues		2,472	966	52,552	40,724
Total revenues		<u>7,051,781</u>	<u>2,924,029</u>	<u>14,094,774</u>	<u>13,603,936</u>
Expenses and other charges					
Administrative expenses and other charges		609,432	572,710	1,929,801	1,692,180
Finance cost		1,219,701	1,070,854	3,378,105	3,311,765
Total expenses		<u>1,829,133</u>	<u>1,643,564</u>	<u>5,307,906</u>	<u>5,003,945</u>
Net profit before deductions		<u>5,222,648</u>	<u>1,280,465</u>	<u>8,786,868</u>	<u>8,599,991</u>
Contribution to Kuwait Foundation for the Advancement of Science (KFAS)		(42,428)	(7,429)	(63,627)	(70,971)
National Labor Support tax (NLST)		(119,547)	(22,009)	(185,356)	(197,742)
Zakat expense		(47,163)	(8,580)	(70,877)	(78,549)
Net profit for the period		<u>5,013,510</u>	<u>1,242,447</u>	<u>8,467,008</u>	<u>8,252,729</u>
Attributable to:					
Parent Company's shareholders		4,863,682	1,088,555	7,979,177	7,875,533
Non-controlling interests		149,828	153,892	487,831	377,196
		<u>5,013,510</u>	<u>1,242,447</u>	<u>8,467,008</u>	<u>8,252,729</u>
Earnings per share attributable to the Parent Company's shareholders (fils)					
	14	<u>2.89</u>	<u>0.64</u>	<u>4.73</u>	<u>4.63</u>

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

Interim condensed consolidated statement of comprehensive income for the nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net profit for the period	5,013,510	1,242,447	8,467,008	8,252,729
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Change in fair value of available for sale investments	82,525	(147,255)	98,151	689,119
Group's share in associates' reserves	(59,835)	(38,443)	8,319	339,101
	22,690	(185,698)	106,470	1,028,220
Total comprehensive income for the period	5,036,200	1,056,749	8,573,478	9,280,949
Attributable to:				
Parent Company's shareholders	4,886,372	902,857	8,085,647	8,903,753
Non-controlling interests	149,828	153,892	487,831	377,196
	5,036,200	1,056,749	8,573,478	9,280,949

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

Interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Parent Company's shareholders									
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 8)	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2013	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	-	-	-	-	-	1,028,220	7,875,533	8,903,753	377,196	9,280,949
Purchase of treasury shares	-	-	(119,143)	-	-	-	-	(119,143)	-	(119,143)
Reduce share capital in treasury shares	(13,282,618)	(102,108)	19,502,341	-	-	(166,215)	(5,951,400)	-	-	-
Effect of acquisition of additional share in subsidiary	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	138,852	138,852	(4,157,905)	(4,019,053)
Changes in non-controlling interests	-	-	-	-	-	-	(8,502,006)	(8,502,006)	-	(8,502,006)
Balance as at 30 September 2013	170,198,775	1,308,384	(119,143)	26,610,698	22,663,941	6,535,069	24,552,550	251,750,274	(609,410)	(609,410)
Balance as at 1 January 2014	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	-	-	-	-	-	106,470	7,979,177	8,085,647	487,831	8,573,478
Purchase of treasury shares	-	-	(1,090,087)	-	-	-	-	(1,090,087)	-	(1,090,087)
Effect of acquisition of additional share in subsidiary	-	-	-	-	-	-	-	-	-	-
Cash dividends (note 17)	-	-	-	-	-	-	538	538	(6,874)	(6,336)
Changes in non-controlling interests	-	-	-	-	-	-	(10,145,051)	(10,145,051)	-	(10,145,051)
Balance as at 30 September 2014	170,198,775	1,308,384	(1,622,202)	28,192,606	23,454,895	5,979,793	27,155,314	254,667,565	10,614,782	265,282,347

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

Interim condensed consolidated statement of cash flows for the nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended	
		30 September	
		2014	2013
Cash flows from operating activities			
Net profit for the period		8,467,008	8,252,729
<i>Adjustments:</i>			
Gain on sale of investment properties	11	(4,131,140)	-
Gains from investment in associates		(1,090,917)	(157,653)
Gains from investments		(742,045)	(880,552)
Reversal of provision for doubtful debts		(294,175)	-
Reversal of provision for claims		(647,528)	-
Foreign currency exchange differences		178,351	69,834
Depreciation		1,682,253	1,681,927
Finance cost		3,378,105	3,311,765
Employees' end of service indemnity – formed during the period		166,250	147,707
Operating profit before changes in working capital		6,966,162	12,425,757
Land and real estates held for trading		111,971	772,013
Investments at fair value through profit or loss		1,965,241	(109,302)
Receivables and other debit balances		(1,238,067)	3,239,814
Payables and other credit balances		(3,053,416)	(2,677,890)
Employees' end of service indemnity – paid during the period		(129,113)	(145,256)
Net cash generated from operating activities		4,622,778	13,505,136
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(472,457)	(31,465)
Paid for projects in progress		(2,481,551)	(3,815,632)
Paid for purchase of investment properties	3	(374,888)	(493,174)
Proceeds from sale of investment properties		5,500,000	-
Paid for purchase of available for sale investments		(5,859,051)	(2,436,859)
Proceeds from sale of available for sale investments		295,375	3,147,328
Cash dividends received		670,118	369,828
Proceeds from Murabaha with financial institutions		2,000,000	-
Paid for acquisition of shares in associates		(2,432,036)	(3,342,214)
Cash dividends received from associates		1,019,793	132,000
Net cash used in investing activities		(2,134,697)	(6,470,188)
Cash flows from financing activities			
Net changes in financing from third parties		16,167,033	5,589,560
Purchase of treasury shares		(1,090,087)	(119,143)
Finance cost paid		(3,690,747)	(3,238,129)
Cash dividends paid to shareholders		(10,101,145)	(8,365,590)
Paid for acquisition of additional share in a subsidiary		(6,336)	(4,019,053)
Net change in non-controlling interests		(604,827)	(609,410)
Net cash generated from/ (used in) financing activities		673,891	(10,761,765)
Net change in cash and cash equivalents		3,161,972	(3,726,817)
Cash and cash equivalents at beginning of the period		3,747,282	6,235,390
Cash and cash equivalents at end of the period		6,909,254	2,508,573

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

**Notes to the interim condensed consolidated financial information for the nine months ended 30 September 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 interim condensed financial information of the Parent Company and its subsidiaries (together referred to as "the Group").

During the period, the Parent Company has established a Single Person Company "Commercial Real Estate Development Company - S.P.C" in Kingdom of Bahrain. The Company is fully owned by the Parent Company.

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

The interim condensed consolidated financial information was authorised for issuance by the Board of Directors on 12 November 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 nine-month period ended 30 September 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 nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. Investment properties

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Balance at beginning of the period/ year	257,247,496	241,784,642	241,784,642
Additions	374,888	563,873	493,174
Sales	(11,368,860)	-	-
Changes at fair value	-	14,898,981	-
Balance at end of the period/ year	246,253,524	257,247,496	242,277,816

4. Investment in associates

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Balance at beginning of the period/ year	21,658,409	22,340,693	22,340,693
Additions	2,432,036	3,337,018	3,342,214
Share in net results	919,614	459,969	157,653
Transfers from available for sale investments	5,413,580	-	-
Cash dividends	(1,019,793)	(132,000)	(132,000)
Share in reserves	8,319	452,326	339,101
Reversal of impairment / impairment (losses)	171,303	(4,799,597)	-
Balance at end of the period/ year	29,583,468	21,658,409	26,047,661

During the period, the Group signed a swap contract of one of its investments classified as available for sale investments (Note 5). As a result of that swap the Group's share in the investment subject of the contract has increased to become an associate at ownership percentage of 21.68% included in the Group's investments in associates with a total value of KD 5,413,580 which represents its fair value at the date of transfer.

The Group recorded its share of associates' results based on the latest available audited financial statements as at 31 December 2013 and the latest available interim financial information.

During the period, the Group had subscribed into share capital increase of the associate "Al Salmyia Group for Project Development" by KD 2,380,952 which resulted in the increase of Group's shareholding in the associate from 28.13% to 35.58%. The investment in the associate is pledged against financing granted to that associate.

5. Available for sale investments

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Investments in quoted shares	1,335,044	1,187,619	1,401,255
Investments in unquoted shares	20,924,253	20,869,050	20,709,939
Investments in unquoted real estate funds	7,815,565	7,571,114	7,532,758
	30,074,862	29,627,783	29,643,952

Unquoted available for sale investments include investments of KD 528,219 as at 30 September 2014 (KD 528,219 as at 31 December 2013, KD 262,864 as at 30 September 2013) carried at cost as there is no fair value available for such at the financial information date and management has no indication of impairment in those investments.

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

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6. Receivables and other debit balances

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Trade receivables	14,608,303	7,060,902	4,734,205
Non-trade receivables	-	1,950,000	1,950,000
Due from related parties (note 15)	176,600	1,171,513	1,744,605
Provision for doubtful debts	(2,595,709)	(4,545,709)	(3,398,557)
	12,189,194	5,636,706	5,030,253
Amounts paid for purchase of investments	4,392,977	141,521	-
Prepaid expenses	25,000	26,010	25,000
Refundable deposits	161,600	160,226	159,601
Due from subsidiaries under liquidation	-	42,272	108,892
Other debit balances	1,282,435	800,083	855,162
	<u>18,051,206</u>	<u>6,806,818</u>	<u>6,178,908</u>

Following is the movement on provision for doubtful debts:

	30 September 2014	31 December 2013 (Audited)	30 September 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 for. 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. Treasury shares

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Number of shares - share	16,789,860	6,023,971	1,586,471
Percentage of issued shares (%)	0.99	0.35	0.09
Market value - (KD)	1,628,616	554,205	145,955

Based on the Capital Markets Authority decree on 30 December 2013, the Group's management has restricted a part of the reserves equal to the balance of the treasury shares. This balance is not available for distribution during the period in which the Group retains the treasury shares

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

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. 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
Balance as at 1 January 2013	2,079,175	(2,120,212)	166,215	5,547,886	5,673,064
Total comprehensive income for the period	689,119	339,101	(166,215)	-	862,005
Balance as at 30 September 2013	<u>2,768,294</u>	<u>(1,781,111)</u>	<u>-</u>	<u>5,547,886</u>	<u>6,535,069</u>
Balance 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
Balance as at 30 September 2014	<u>2,091,474</u>	<u>(1,659,567)</u>	<u>-</u>	<u>5,547,886</u>	<u>5,979,793</u>

9. Financing from third parties

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Financing from third parties – non current portion	93,797,517	86,969,761	85,042,819
Financing from third parties – current portion	24,007,628	14,490,000	17,740,000
	<u>117,805,145</u>	<u>101,459,761</u>	<u>102,782,819</u>
Effective cost rate (%)	3.75 - 5	3.75 - 5	3.75 - 5

The financing 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 September 2014	31 December 2013 (Audited)	30 September 2013
Property, plant and equipment	28,471,173	29,722,663	30,283,747
Projects in progress	13,683,716	12,750,000	12,039,173
Investment properties	199,432,894	218,943,826	208,008,816
Land and real estates held for trading	1,228,380	1,228,380	1,224,914

10. Payables and other credit balances

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Trade payables	1,225,198	2,440,037	2,054,066
Retentions	1,125,246	1,383,690	1,241,975
Accrued expenses	1,594,185	2,796,514	1,550,945
Unearned revenue	744,074	703,696	776,302
Provision for claims	-	1,354,597	-
Due to related parties (see note 15)	75,046	11,212	3,331
Kuwait Foundation for the Advancement of Science	146,405	178,831	110,974
National Labor Support Tax	289,557	416,804	272,623
Zakat Expense	87,626	178,643	78,549
Dividends payable	231,522	187,616	290,990
Other credit balances	1,796,818	1,634,826	1,265,939
	<u>7,315,677</u>	<u>11,286,466</u>	<u>7,645,694</u>

During the period ended 30 September 2014, the Group had signed a debt settlement agreement with a financial institution in Kingdom of Bahrain, as a result of that, the Group paid the equivalent of KD 707,069 from provision for claims, and reversed the remaining amount to the consolidated statement of income for the period then ended.

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11. Net investment properties income

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Rental income	3,555,005	3,240,608	10,417,985	9,177,270
Operating expenses	(1,225,030)	(541,376)	(2,387,663)	(1,637,896)
Net rental income	2,329,975	2,699,232	8,030,322	7,539,374
Gain on sale	4,131,140	-	4,131,140	-
	<u>6,461,115</u>	<u>2,699,232</u>	<u>12,161,462</u>	<u>7,539,374</u>

12. Net hotel losses

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net hotel revenues	907,902	1,031,782	3,864,028	3,676,383
Operating expenses – including depreciation	(1,408,827)	(1,468,436)	(4,588,758)	(4,526,971)
	<u>(500,925)</u>	<u>(436,654)</u>	<u>(724,730)</u>	<u>(850,588)</u>

13. Net gains from investments

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Available for sale investments				
Gain on sale	118	-	118	997,511
Cash dividends	214,221	108,774	574,658	444,291
Impairment losses	-	-	-	(673,174)
	<u>214,339</u>	<u>108,774</u>	<u>574,776</u>	<u>768,628</u>
Investments at fair value through profit or loss				
Change in fair value	-	105,829	(10,724)	18,809
Gains on sale	101,217	4,258	106,650	26,216
Cash dividends	-	-	71,343	66,899
	<u>101,217</u>	<u>110,087</u>	<u>167,269</u>	<u>111,924</u>
	<u>315,556</u>	<u>218,861</u>	<u>742,045</u>	<u>880,552</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 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net profit for the period attributable to the Parent Company shareholders	4,863,682	1,088,555	7,979,177	7,875,533
Weighted average number of outstanding shares (share)	1,685,213,764	1,701,453,115	1,688,711,034	1,700,681,566
Earnings per share (fils)	<u>2.89</u>	<u>0.64</u>	<u>4.73</u>	<u>4.63</u>

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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 September 2014	31 December 2013 (Audited)	30 September 2013
Consolidated statement of financial position			
Receivables and other debit balances	176,600	1,171,513	1,744,605
Due to associates	75,046	11,212	3,331
Consolidated statement of income			
Key management benefits	320,560	965,131	349,843

16. Capital commitments, contingent liabilities and contingent assets

Capital commitments

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Uncalled capital – investments	12,153,162	911,268	1,286,165
Contracts for projects in progress	2,504,153	2,169,282	4,275,691
	<u>14,657,315</u>	<u>3,080,550</u>	<u>5,561,856</u>

Contingent liabilities

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Letters of guarantee	4,371,511	4,714,944	4,714,944

Contingent assets

During the period ended 30 September 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. Management believes that there is probable cash inflows resulting from the sale after the auction, however cannot currently estimate reliably the probable collectible value.

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.

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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:

	Nine months ended 30 September 2014		
	Real estate segment	Investment segment	Total
Revenues	13,833,571	2,127,136	15,960,707
Direct costs	(3,136,671)	(198,866)	(3,335,537)
Gross profit	10,696,900	1,928,270	12,625,170
Unallocated costs			(3,979,811)
Foreign currency exchange differences			(178,351)
Net profit			8,467,008

	Nine months ended 30 September 2013		
	Real estate segment	Investment segment	Total
Revenues	14,193,067	1,038,205	15,231,272
Direct costs	(2,227,068)	(125,815)	(2,352,883)
Gross profit	11,965,999	912,390	12,878,389
Unallocated costs			(4,555,826)
Foreign currency exchange differences			(69,834)
Net profit			8,252,729

Geographical distribution

Geographic distribution of assets and liabilities

	Assets		
	30 September 2014	31 December 2013	30 September 2013
		(Audited)	
Kuwait	345,233,748	342,743,540	334,245,146
GCC	28,265,139	28,540,960	32,585,754
Other	18,060,298	11,135,776	6,158,527
	391,559,185	382,420,276	372,989,427

	Liabilities		
	30 September 2014	31 December 2013	30 September 2013
		(Audited)	
Kuwait	84,017,169	72,374,031	101,808,967
GCC	42,259,669	41,491,075	9,700,549
	126,276,838	113,865,106	111,509,516

Operating results

	Nine months ended 30 September 2014			
	Kuwait	GCC	Other	Total
Total revenues	13,221,997	565,959	306,818	14,094,774
Total expenses	(4,344,876)	(1,282,890)	-	(5,627,766)
Net profit/ (loss)	8,877,121	(716,931)	306,818	8,467,008

	Nine months ended 30 September 2013			
	Kuwait	GCC	Other	Total
Total revenues	13,126,129	351,469	126,338	13,603,936
Total expenses	(5,026,855)	(324,352)	-	(5,351,207)
Net profit	8,099,274	27,117	126,338	8,252,729

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(All amounts are in Kuwaiti Dinars unless otherwise stated)

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	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 September 2014	31 December 2013 (Audited)	30 September 2013					
Available for sale investments	1,335,044	1,187,619	1,401,255	30 September 2014	Level 1	Last bid price	N/A	N/A
	27,745,650	21,909,531	16,969,339	31 December 2013	Level 2	Net unit value announced	N/A	N/A
	465,949	6,002,414	11,010,494	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	-	1,804,292	1,761,734	30 September 2014	Level 1	Last bid price	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 September 2014		31 December 2013 (Audited)		30 September 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
<i>Loans and receivables</i>						
- Due from related parties	176,600	176,600	1,171,513	1,171,513	1,744,605	1,744,605
- Trade and non-trade receivables	17,874,606	17,874,606	5,635,305	5,635,305	4,434,303	4,434,303
- Cash and cash equivalents	6,909,254	6,909,254	5,747,282	5,747,282	7,608,573	7,608,573
	<u>24,960,460</u>	<u>24,960,460</u>	<u>12,554,100</u>	<u>12,554,100</u>	<u>13,787,481</u>	<u>13,787,481</u>
Financial liabilities						
<i>Financial liabilities (at amortized cost)</i>						
- Financing from third parties	117,805,145	112,966,671	101,459,761	99,406,178	102,782,819	97,873,117
- Payables and other credit balances	7,315,677	7,315,677	11,286,466	11,286,466	7,645,694	7,645,694
	<u>125,120,822</u>	<u>120,282,348</u>	<u>112,746,227</u>	<u>110,692,644</u>	<u>110,428,513</u>	<u>105,518,811</u>

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	Fair value hierarchy within level (3)		
	30 September 2014	31 December 2013 (Audited)	30 September 2013
Financial assets			
Loans and receivables	24,960,460	12,554,100	13,787,481
Total	<u>24,960,460</u>	<u>12,554,100</u>	<u>13,787,481</u>
Financial liabilities			
Financial liabilities (at amortized cost)	120,282,348	110,692,644	105,518,811
Total	<u>120,282,348</u>	<u>110,692,644</u>	<u>105,518,811</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 September 2014	31 December 2013 (Audited)	30 September 2013
Balance at the beginning of the period/ year	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	2,200,290
Disposals/ settlements	(5,536,465)	-	-
Transfers out of level 3	-	(1,018,343)	-
Balance at the end of the period/ year	<u>465,949</u>	<u>6,002,414</u>	<u>11,010,494</u>

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