



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

**Interim Condensed Consolidated Financial Information  
for the six months ended 30 June 2013 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 Company" and its subsidiary (together referred to as "the Group") as at 30 June 2013, 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".

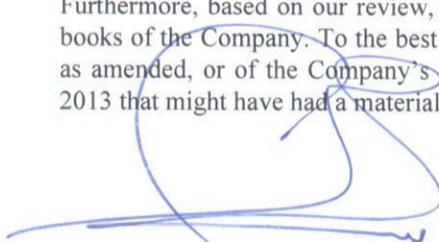
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards 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 Company. To the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Company's Articles of Association have occurred during the six-month period ended 30 June 2013 that might have had a material effect on the business of the Group or on its consolidated financial position.



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**Bader A. Al-Wazzan**  
Licence No. 62A  
Deloitte & Touche  
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**Qais M. Al-Nisf**  
Licence No. 38A  
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Kuwait, 5 August 2013

Interim condensed consolidated statement of financial position as at 30 June 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2013	31 December 2012 (Audited)	30 June 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		30,873,837	31,975,095	33,001,099
Projects in progress		17,954,205	15,702,400	14,743,877
Investment properties	3	242,200,932	241,784,642	227,750,689
Investment in associates	4	25,271,990	22,340,693	22,995,437
Available for sale investments	5	29,628,080	29,266,501	29,696,312
		<u>345,929,044</u>	<u>341,069,331</u>	<u>328,187,414</u>
<b>Current assets</b>				
Land and real estates held for trading		9,923,452	10,400,131	9,800,638
Investments at fair value through profit or loss	6	1,740,973	1,540,508	1,347,733
Receivables and other debit balances	7	6,702,482	9,418,721	25,448,471
Cash and cash equivalents	8	9,828,553	11,335,390	10,632,963
		<u>28,195,460</u>	<u>32,694,750</u>	<u>47,229,805</u>
<b>Total assets</b>		<u>374,124,504</u>	<u>373,764,081</u>	<u>375,417,219</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to Company's shareholders</b>				
Share capital		183,481,393	183,481,393	183,481,393
Share premium		1,410,492	1,410,492	1,410,492
Treasury shares	9	(19,621,484)	(19,502,341)	(18,186,465)
Statutory reserve		26,610,698	26,610,698	25,461,424
Voluntary reserve		22,663,941	22,663,941	22,089,304
Other reserves	10	6,886,982	5,673,064	5,459,420
Retained earnings		29,414,700	30,991,571	23,365,149
<b>Total equity attributable to the Company's shareholders</b>		<u>250,846,722</u>	<u>251,328,818</u>	<u>243,080,717</u>
<b>Non-controlling interests</b>		<u>9,642,220</u>	<u>14,119,756</u>	<u>15,526,972</u>
<b>Total equity</b>		<u>260,488,942</u>	<u>265,448,574</u>	<u>258,607,689</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,003,010	1,078,552	968,211
Financing from third party	11	91,093,220	80,613,425	95,963,217
		<u>92,096,230</u>	<u>81,691,977</u>	<u>96,931,428</u>
<b>Current liabilities</b>				
Payables and other credit balances		8,099,332	10,113,530	11,438,102
Financing from third party	11	13,440,000	16,510,000	8,440,000
		<u>21,539,332</u>	<u>26,623,530</u>	<u>19,878,102</u>
<b>Total liabilities</b>		<u>113,635,562</u>	<u>108,315,507</u>	<u>116,809,530</u>
<b>Total equity and liabilities</b>		<u>374,124,504</u>	<u>373,764,081</u>	<u>375,417,219</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 2013

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2013	2012	2013	2012
<b>Revenues</b>					
Net gains from investment properties	12	2,520,286	2,303,134	4,840,142	4,544,027
Gain on sale of land and real estates held for trading		-	-	5,847,541	-
Net hotels (losses)/ gains	13	(243,192)	119,118	(413,934)	(833,265)
Change in fair value of projects in progress		-	4,156,859	-	4,156,859
Net gains/ (losses) from investment in associates		20,489	(2,077,450)	(163,462)	(1,390,401)
Net gains/ (losses) from investments	14	1,232,682	(142,291)	661,691	26,331
Foreign currency exchange differences		(14,791)	3,311	(131,829)	14,616
Other income		4,516	32,892	39,758	427,838
<b>Total revenues</b>		<b>3,519,990</b>	<b>4,395,573</b>	<b>10,679,907</b>	<b>6,946,005</b>
<b>Expenses and other charges</b>					
Administrative expenses and other charges		(603,614)	(1,304,373)	(1,119,470)	(1,822,801)
Finance cost		(1,135,131)	(1,443,814)	(2,240,911)	(3,001,628)
<b>Total expenses</b>		<b>(1,738,745)</b>	<b>(2,748,187)</b>	<b>(3,360,381)</b>	<b>(4,824,429)</b>
Net profit before deductions		1,781,245	1,647,386	7,319,526	2,121,576
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(14,409)	(12,383)	(63,542)	(16,768)
National Labor Support tax (NLST)		(39,524)	(33,643)	(175,733)	(40,233)
Zakat expense		(15,485)	(14,605)	(69,969)	(19,477)
<b>Net profit for the period</b>		<b>1,711,827</b>	<b>1,586,755</b>	<b>7,010,282</b>	<b>2,045,098</b>
<b>Attributable as follows:</b>					
Company's shareholders		1,567,629	1,361,475	6,786,978	1,585,098
Non-controlling interests		144,198	225,280	223,304	460,000
		<u>1,711,827</u>	<u>1,586,755</u>	<u>7,010,282</u>	<u>2,045,098</u>
<b>Earnings per share to the Company's shareholders (fils)</b>	15	<u>0.92</u>	<u>0.79</u>	<u>3.99</u>	<u>0.92</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 2013  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
<b>Net profit for the period</b>	1,711,827	1,586,755	7,010,282	2,045,098
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Available for sale investments (note 10)	475,445	(398,924)	836,374	(323,120)
Group's share in associates' reserves	500,253	(321,565)	377,544	2,743
	975,698	(720,489)	1,213,918	(320,377)
<b>Total comprehensive income for the period</b>	2,687,525	866,266	8,224,200	1,724,721
<b>Attributable as follows:</b>				
Company's shareholders	2,543,327	640,986	8,000,896	1,264,721
Non-controlling interests	144,198	225,280	223,304	460,000
	2,687,525	866,266	8,224,200	1,724,721

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 2013  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

Equity attributable to the Company's shareholders

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 10)	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2012</b>	183,481,393	1,410,492	(17,410,021)	25,461,424	22,089,304	5,779,797	30,408,192	251,220,581	16,066,182	267,286,763
Total comprehensive (losses)/ income for the period	-	-	-	-	-	(320,377)	1,585,098	1,264,721	460,000	1,724,721
Purchase of treasury shares	-	-	(776,444)	-	-	-	-	(776,444)	-	(776,444)
Cash dividends	-	-	-	-	-	-	(8,628,141)	(8,628,141)	-	(8,628,141)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(999,210)	(999,210)
<b>Balance as at 30 June 2012</b>	183,481,393	1,410,492	(18,186,465)	25,461,424	22,089,304	5,459,420	23,365,149	243,080,717	15,526,972	258,607,689
<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

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 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended	
		30 June	
		2013	2012
<b>Cash flows from operating activities</b>			
Net profit for the period		7,010,282	2,045,098
<i>Adjustments:</i>			
Depreciation		1,115,253	1,111,618
Gain on sale of investment properties		-	(273,439)
Change in fair value of projects in progress		-	(4,156,859)
Net losses from investment in associates		163,462	1,390,401
Net gains from investments		(661,691)	(26,331)
Foreign currency exchange differences		131,829	(14,616)
Provision for doubtful debts		-	68,398
Finance cost		2,240,911	3,001,628
Employees' end of service indemnity – formed during the period		56,598	106,326
Operating profit before changes in working capital		10,056,644	3,252,224
Land and real estates held for trading		476,679	-
Investments at fair value through profit or loss		(198,628)	(341,581)
Receivables and other debit balances		2,716,239	7,510,895
Payables and other credit balances		(2,156,444)	(1,876,344)
Cash generated from operating activities		10,894,490	8,545,194
Employees' end of service indemnity – paid during the period		(132,140)	(133,153)
Net cash generated from operating activities		10,762,350	8,412,041
<b>Cash flows from investing activities</b>			
Paid for purchase of property, plant and equipment		(13,995)	(227,050)
Paid for projects in progress		(2,251,805)	(986,634)
Paid for purchase of investment properties	3	(416,290)	(2,135,245)
Proceeds from sale of investment properties		-	11,200,000
Paid for purchase of available for sale investments		(2,273,735)	-
Proceeds from sale of available for sale investments		3,191,501	1,006,112
Proceeds from Murabaha with financial institutions		3,000,000	-
Cash dividends received		216,882	156,784
Paid for purchase of shares in associates	4	(2,717,215)	(2,021,572)
Proceeds from sale of shares in associates		-	258,518
Net cash (used in) / generated from investing activities		(1,264,657)	7,250,913
<b>Cash flows from financing activities</b>			
Financing from third party		7,277,966	(5,099,999)
Purchase of treasury shares		(119,143)	(776,444)
Finance cost paid		(2,341,600)	(2,983,680)
Dividends paid		(8,259,070)	(8,202,853)
Non-controlling interests		(4,562,683)	(999,210)
Net cash used in financing activities		(8,004,530)	(18,062,186)
<b>Net change in cash and cash equivalents</b>		1,493,163	(2,399,232)
<b>Cash and cash equivalents at beginning of the period</b>		6,235,390	13,032,195
<b>Cash and cash equivalents at end of the period</b>		7,728,553	10,632,963

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

Notes to interim condensed consolidated financial information for the six months ended 30 June 2013  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

**1. Incorporation and activities**

The Commercial Real Estate Company - Kuwaiti Shareholding Company - Closed ("the Company") was incorporated in accordance with articles of association No. 104/ M Vol. 1 on 4 February 1968 and registered in the Commercial Registration No. 11329 on 28 February 1968 in accordance with Commercial Companies Law.

The main objectives of the Company comprise of performing various real estate, agricultural, industrial and commercial activities, carrying out contracting, road and building construction, including sale, purchase and lease of land and real estate property, construction of buildings, utilising of the financial surplus available to the Company by investing it in financial portfolios managed by specialised companies and financial institutions; and establishing real estate funds and portfolio and the management of these funds for its own and for third parties, or as indicated in the incorporation contract "article (5)" and in the Articles of Association "article (4)". The Company shall carry out all its objectives for which it has been established in accordance with the Noble Islamic Sharia principles. The Company has been registered in the Kuwait Stock Exchange on 21 December 2004.

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

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

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, superseded the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 28 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce will determine the basis and rules which the Company shall adopt to regularise its affairs with the Companies Law as amended.

The interim condensed consolidated financial information was authorised for issuance by the Board of Directors on 5 August 2013.

**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 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013.

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 2012.

**New and revised IFRSs issued and effective applied by the Group**

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 2012 except for the adoption of the new and amended IFRS that have become effective from 1 January 2013:

In accordance with the International Accounting Standard No. (34), following are the nature and effect of significant changes.

*IAS 1 "Presentation of Other Comprehensive Income Items"*

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's interim condensed consolidated financial position or performance.

Notes to interim condensed consolidated financial information for the six months ended 30 June 2013

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

*IAS 34: "Interim financial reporting and segment information for total assets and liabilities (Amendment)"*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment.

*IFRS 7: "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities- Amendments to IFRS 7"*

These amendments require an entity to disclose information about rights to offset and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are offset in accordance with IAS 32 "Financial Instruments: Presentation". The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with IAS 32.

As the Group is not offsetting financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

*IFRS 10: "Consolidated Financial Statements and IAS 27 Separate Financial Statements"*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

(a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

*IFRS 11: "Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures"*

The standard replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group is yet to assess IFRS 11's full impact and becomes effective for annual periods beginning on or after 1 January 2013.

The application of this new standard has no impact as the Group had no joint arrangements or ventures.

*IFRS 12: "Disclosure of Interests in Other Entities"*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided.

Notes to interim condensed consolidated financial information for the six months ended 30 June 2013

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

*IFRS 13: "Fair Value Measurement"*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16, thereby affecting the interim condensed consolidated financial information for the period.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

**3. Investement properties**

	<b>30 June 2013</b>	<b>31 December 2012 (Audited)</b>	<b>30 June 2012</b>
<b>Balance at beginning of the period/year</b>	241,784,642	236,542,005	236,542,005
Additions	416,290	10,043,962	2,135,245
Disposals	-	(10,926,561)	(10,926,561)
Changes at fair value	-	6,125,236	-
<b>Balance at end of the period/year</b>	<b>242,200,932</b>	<b>241,784,642</b>	<b>227,750,689</b>

**4. Investment in associates**

	<b>30 June 2013</b>	<b>31 December 2012 (Audited)</b>	<b>30 June 2012</b>
<b>Balance at beginning of the period/year</b>	22,340,693	22,620,041	22,620,041
Additions	2,717,215	2,021,572	2,021,572
Disposals	-	(862,570)	(245,260)
Share in net results	(163,462)	(3,647,902)	(406,104)
Cash dividends	-	(132,000)	-
Share in reserves	377,544	(234,818)	2,743
Impairment losses	-	2,576,370	(997,555)
<b>Balance at end of the period/year</b>	<b>25,271,990</b>	<b>22,340,693</b>	<b>22,995,437</b>

The Group recorded its share of associates' results based on the latest available financial statements as at 31 December 2012 and 31 March 2013.

During the period, the Group subscribed in the share capital increase of an associate "Al Salmyia Group for Project Development". This investment is pledged against financing of associate.

Notes to interim condensed consolidated financial information for the six months ended 30 June 2013

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

5. Available for sale investements

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Investments in quoted shares	1,534,463	957,004	1,026,224
Investments in unquoted shares	20,546,812	20,911,207	22,149,150
Investments in quoted real estate funds	-	4,449,048	4,428,526
Investments in unquoted real estate funds	7,546,805	2,949,242	2,092,412
	<u>29,628,080</u>	<u>29,266,501</u>	<u>29,696,312</u>

The fair value of available for sale investments is determined as follows:

- Quoted shares and units: last bid price.
- Unquoted shares: the fair value of the investment amounted to KD 20,283,949 as at 30 June 2013 (KD 19,975,169 as at 31 December 2012, KD 20,927,603 as at 30 June 2012) was determined based on other valuation prepared by management and the remaining has been carried at cost less impairment losses as the fair value cannot be measured reliably.
- Unquoted real estate funds: based on net assets value per unit declared by the funds' managers.

6. Investements at fair value through profit or loss

Investements at fair value through profit or loss represented in local quoted investments held for trading, the fair value was determined as per last bid price.

7. Receivables and other debit balances

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Trade receivables	5,238,774	2,431,943	2,077,466
Non-trade receivables	1,950,000	1,950,000	1,950,000
Due from related parties	1,725,727	1,777,471	21,947,988
Provision for doubtful debts	(3,398,557)	(3,398,557)	(2,539,506)
	5,515,944	2,760,857	23,435,948
Advance payments	25,000	26,010	154,200
Refundable deposits	128,101	129,001	130,211
Due from subsidiaries under liquidation	108,892	5,633,629	741,968
Other debit balances	924,545	869,224	986,144
	<u>6,702,482</u>	<u>9,418,721</u>	<u>25,448,471</u>

8. Cash and cash equivalents

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Cash on hand	15,919	16,319	16,619
Cash at banks and financial institutions	9,732,546	8,019,862	8,977,377
Cash at portfolios	80,088	299,209	378,351
Murabaha at banks and financial institutions	-	3,000,000	1,260,616
Total cash and cash equivalents	9,828,553	11,335,390	10,632,963
Less:			
Restricted cash against bank guarantee	(2,100,000)	(2,100,000)	-
Murabaha due for more than three months	-	(3,000,000)	-
Cash and cash equivalents (for the purpose of preparing statement of cash flows)	7,728,553	6,235,390	10,632,963
Murabaha yield rate (%)	-	0.81- 1	1.63

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9. Treasury shares

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Number of shares - share	134,412,649	132,826,178	115,345,430
Percentage to issued shares (%)	7.33	7.24	6.29
Market value (KD)	12,500,376	9,297,832	8,881,598

The General Assembly for the shareholders approved the reduction of Company's share capital from KD 183,481,393 to KD 170,198,775 by amortizing of 132,826,178 shares from treasury shares as at 31 December 2012. No effect of the amendment to the interim financial information as at 30 June 2013 until the completion of approvals from regulators and the record of that amendment in the commercial register.

10. 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 2012</b>	1,951,090	(1,885,394)	166,215	5,547,886	5,779,797
Total comprehensive income for the period	(323,120)	2,743	-	-	(320,377)
<b>Balance as at 30 June 2012</b>	<u>1,627,970</u>	<u>(1,882,651)</u>	<u>166,215</u>	<u>5,547,886</u>	<u>5,459,420</u>
<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>	<u>2,915,549</u>	<u>(1,742,668)</u>	<u>166,215</u>	<u>5,547,886</u>	<u>6,886,982</u>

Following is the movement on change in fair value reserve:

	30 June 2013	31 December 2012 (Audited)	30 June 2012
<b>Balance at the beginning of the period/year</b>	2,079,175	1,951,090	1,951,090
<b>Other comprehensive income items:</b>			
Change in fair value	836,374	(18,407)	(406,730)
Transferred to income statement from sale	-	(17,409)	-
Impairment losses	-	163,901	83,610
Total other comprehensive income/ (losses)	<u>836,374</u>	<u>128,085</u>	<u>(323,120)</u>
<b>Balance at the end of the period/year</b>	<u>2,915,549</u>	<u>2,079,175</u>	<u>1,627,970</u>

11. Financing from third party

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Financing from third party – non current portion	91,093,220	80,613,425	95,963,217
Financing from third party – current portion	13,440,000	16,510,000	8,440,000
	<u>104,533,220</u>	<u>97,123,425</u>	<u>104,403,217</u>
Cost rate (%)	4 - 5	4.5 - 5	5 - 6.5

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.

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Finance granted by third party is granted against the pledge of the following assets:

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Property, plant and equipment	30,829,754	31,920,497	32,932,335
Projects in progress	10,802,623	9,092,000	8,193,856
Investment properties	207,931,932	207,515,642	195,029,689
Land and real estates held for trading	1,224,914	1,224,914	-

12. Net gains from investment properties

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Rental income	3,031,647	2,470,784	5,936,662	4,989,640
Operating expenses	(511,361)	(441,089)	(1,096,520)	(719,052)
Net rental income	2,520,286	2,029,695	4,840,142	4,270,588
Gains from sales	-	273,439	-	273,439
	<u>2,520,286</u>	<u>2,303,134</u>	<u>4,840,142</u>	<u>4,544,027</u>

13. Net hotel (losses)/ gains

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Net hotel revenues	1,281,139	989,225	2,644,601	1,909,392
Operating expenses – including depreciation	(1,524,331)	(870,107)	(3,058,535)	(2,742,657)
	<u>(243,192)</u>	<u>119,118</u>	<u>(413,934)</u>	<u>(833,265)</u>

14. Net gains/ (losses) from investments

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
<b>Available for sale investments</b>				
Net gains on sales	1,018,984	(4,310)	997,511	141,036
Cash dividends	261,876	58,627	335,517	115,254
Impairment losses	-	(167,275)	(673,174)	(250,885)
	<u>1,280,860</u>	<u>(112,958)</u>	<u>659,854</u>	<u>5,405</u>
<b>Investments at fair value through profit or loss</b>				
Change in fair value	(112,133)	(62,159)	(87,020)	(28,334)
Net gains on sales	7,850	10,262	21,958	15,171
Cash dividends	56,105	22,564	66,899	34,089
	<u>(48,178)</u>	<u>(29,333)</u>	<u>1,837</u>	<u>20,926</u>
	<u>1,232,682</u>	<u>(142,291)</u>	<u>661,691</u>	<u>26,331</u>

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(Unaudited)

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15. Earnings per share

Earnings per share are calculated by dividing the attributable net profit to the shareholders of the 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	
	2013	2012	2013	2012
Net profit for the period for the shareholders of the Company	1,567,629	1,361,475	6,786,978	1,585,098
Weighted average number of outstanding shares (share)	1,700,401,279	1,719,468,498	1,700,824,032	1,719,468,498
Earnings per share (fils)	0.92	0.79	3.99	0.92

The weighted average number of outstanding shares has been adjusted for the comparative period with the impact of the capital reduction as a result of amortisation of treasury shares.

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 at the General Assembly. Significant related party transactions and balances resulting therefrom were as follows:

	30 June 2013	31 December 2012 (Audited)	30 June 2012
<b>Consolidated statement of financial position</b>			
Receivables and other debit balances	1,725,727	1,777,471	21,947,988
Payables and other credit balances	3,331	636,460	636,460
<b>Consolidated statement of income</b>			
Key management benefits	228,968	943,825	250,237
Gain on sale of land and real estates held for trading	-	2,894,729	-

17. Acquisition of share in subsidiary

During the period, the Company increased its share in the subsidiary "Al Mutajara Real Estate Company – K.S.C.C" by 12.468% through the acquisition of non-controlling interests at an amount of KD 3,952,575. The net book value of the acquired assets and liabilities exceeded the paid amount with KD 138,157; such difference was included in equity.

18. Capital commitments and contingent liabilities

Capital commitments

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Uncalled capital – investments	562,213	612,213	612,213
Contracts for projects in progress	3,365,924	2,488,170	5,132,273
	3,928,137	3,100,383	5,744,486

Contingent liabilities

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Letters of guarantee	2,696,944	2,696,944	5,142,444

19. Dividends

The General Assembly of the shareholders has approved on 14 April 2013 the financial statements for the year ended 31 December 2012 and approved to distribute cash dividends of 5% to the listed shareholders on the date of the Ordinary General Assembly meeting.

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

	Six months ended 30 June 2012		
	Real estate segment	Investment segment	Total
Revenues	8,586,673	(1,364,070)	7,222,603
Direct costs	(1,897,952)	(37,895)	(1,935,847)
Gross profit	6,688,721	(1,401,965)	5,286,756
Unallocated costs			(3,256,274)
Currency valuation differences			14,616
Net profit			2,045,098

Geographical distribution

Geographic distribution for assets and liabilities

	Assets		
	30 June 2013	31 December 2012 (Audited)	30 June 2012
Kuwait	325,984,521	319,097,788	308,244,428
GCC	42,139,243	50,739,536	65,842,621
Other	6,000,740	3,926,757	1,330,170
	374,124,504	373,764,081	375,417,219

	Liabilities		
	30 June 2013	31 December 2012 (Audited)	30 June 2012
Kuwait	103,859,077	98,439,190	95,457,770
GCC	9,776,485	9,876,317	21,351,760
	113,635,562	108,315,507	116,809,530

Operating results

	Six months ended 30 June 2013			
	Kuwait	GCC	Other	Total
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

	Six months ended 30 June 2012			
	Kuwait	GCC	Other	Total
Total revenues	5,846,225	1,112,160	(12,380)	6,946,005
Total expenses	(4,352,409)	(548,498)	-	(4,900,907)
Net profit/(loss)	1,493,816	563,662	(12,380)	2,045,098