



**Commercial Real Estate Company K.P.S.C  
And its Subsidiary  
State of Kuwait**

**Interim condensed consolidated financial information (unaudited)  
and review report for the nine months ended 30 September 2013**

**Interim condensed consolidated financial information (unaudited)**  
and review report for the nine months ended 30 September 2013

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

**Independent auditors' report on Review of Interim Condensed Consolidated Financial Information to  
the Board of Directors**

**Introduction**

We have reviewed the accompanying interim condensed consolidated 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 September 2013, 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

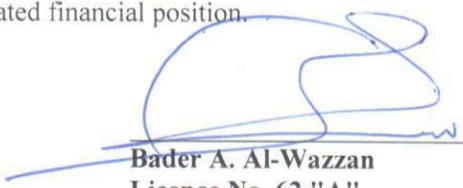
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the company. We further report that nothing have come to our attention indicating any contravention during the nine months period ended 30 September 2013, of the Companies' Law no. 25 of 2012, as amended, or the Company's Memorandum and Articles of association, that might have had a material effect on the business of the Group or on its consolidated financial position.

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

**Kuwait: 11 November 2013**

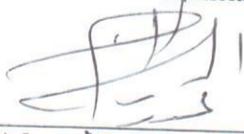
  
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Interim condensed consolidated statement of financial position (unaudited)  
As at 30 September 2013

	Notes	30 September 2013 KD	31 December 2012 (audited) KD	30 September 2012 KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		30,324,633	31,975,095	32,538,006
Projects in progress		19,518,032	15,702,400	14,706,911
Investment properties	3	242,277,816	241,784,642	228,277,728
Investments in associates	4	26,047,661	22,340,693	22,715,676
Available for sale investments	5	29,643,952	29,266,501	29,241,456
		<u>347,812,094</u>	<u>341,069,331</u>	<u>327,479,777</u>
<b>Current assets</b>				
Land and real estates held for trading		9,628,118	10,400,131	9,800,638
Investments at fair value through profit or loss	6	1,761,734	1,540,508	1,423,055
Receivables and other debit balances	7	6,178,908	9,418,721	29,746,368
Cash and bank balances	8	7,608,573	11,335,390	10,918,654
		<u>25,177,333</u>	<u>32,694,750</u>	<u>51,888,715</u>
<b>Total assets</b>		<u>372,989,427</u>	<u>373,764,081</u>	<u>379,368,492</u>
<b>Equity and liabilities</b>				
<b>Equity attributable to Company's shareholders</b>				
Share capital	9	170,198,775	183,481,393	183,481,393
Share Premium		1,308,384	1,410,492	1,410,492
Treasury shares	10	(119,143)	(19,502,341)	(19,148,361)
Statutory reserve		26,610,698	26,610,698	25,461,424
Voluntary reserve		22,663,941	22,663,941	22,089,304
Other reserves	11	6,535,069	5,673,064	5,255,588
Retained earnings		24,552,550	30,991,571	26,025,725
Total equity attributable to Company's shareholders		<u>251,750,274</u>	<u>251,328,818</u>	<u>244,575,565</u>
Non-controlling interests		9,729,637	14,119,756	15,740,436
<b>Total equity</b>		<u>261,479,911</u>	<u>265,448,574</u>	<u>260,316,001</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service indemnity		1,081,003	1,078,552	1,090,664
Financing from third party	12	85,042,819	80,613,425	94,649,700
		<u>86,123,822</u>	<u>81,691,977</u>	<u>95,740,364</u>
<b>Current liabilities</b>				
Payables and other credit balances		7,645,694	10,113,530	10,372,127
Financing from third party	12	17,740,000	16,510,000	12,940,000
		<u>25,385,694</u>	<u>26,623,530</u>	<u>23,312,127</u>
<b>Total liabilities</b>		<u>111,509,516</u>	<u>108,315,507</u>	<u>119,052,491</u>
<b>Total equity and liabilities</b>		<u>372,989,427</u>	<u>373,764,081</u>	<u>379,368,492</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 (unaudited)**  
Nine months ended 30 September 2013

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
		KD	KD	KD	KD
<b>Revenues</b>					
Net gains from investment properties	13	2,699,232	1,941,473	7,539,374	6,485,500
Gain on sale of land and real estates held for trading		18,844	2,894,729	5,866,385	2,894,729
Net hotel losses	14	(436,654)	(436,712)	(850,588)	(1,269,977)
Change in fair value of projects in progress		-	-	-	4,156,859
Net gains/ (losses) from investments in associates		321,115	216,744	157,653	(1,173,657)
Net gain from investments	15	218,861	63,324	880,552	89,655
Foreign currency exchange differences		61,995	9,758	(69,834)	24,374
Reversal of impairment losses of receivables		39,670	-	39,670	-
Other operating income		966	317,280	40,724	745,118
<b>Total revenues</b>		<u>2,924,029</u>	<u>5,006,596</u>	<u>13,603,936</u>	<u>11,952,601</u>
<b>Expenses and other charges</b>					
General and administrative expenses		(572,710)	(622,221)	(1,692,180)	(2,445,022)
Finance cost		(1,070,854)	(1,361,367)	(3,311,765)	(4,362,995)
<b>Total expenses</b>		<u>(1,643,564)</u>	<u>(1,983,588)</u>	<u>(5,003,945)</u>	<u>(6,808,017)</u>
Net profit before deductions		1,280,465	3,023,008	8,599,991	5,144,584
Contribution to Kuwait Foundation for the Advancement of Sciences		(7,429)	(29,821)	(70,971)	(46,589)
National Labor Support tax		(22,009)	(69,488)	(197,742)	(109,721)
Zakat Expense		(8,580)	(33,041)	(78,549)	(52,518)
<b>Net profit for the period</b>		<u>1,242,447</u>	<u>2,890,658</u>	<u>8,252,729</u>	<u>4,935,756</u>
<b>Attributable as follows:</b>					
Company's shareholders		1,088,555	2,660,576	7,875,533	4,245,674
Non-controlling interests		153,892	230,082	377,196	690,082
		<u>1,242,447</u>	<u>2,890,658</u>	<u>8,252,729</u>	<u>4,935,756</u>
<b>Earnings per share attributable to the Company's shareholders (fils)</b>	16	<u>0.64</u>	<u>1.56</u>	<u>4.63</u>	<u>2.49</u>

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

**Interim condensed consolidated statement of comprehensive income (unaudited)**  
Nine months ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013 KD	2012 KD	2013 KD	2012 KD
Net profit for the period	1,242,447	2,890,658	8,252,729	4,935,756
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Change in fair value reserve	(147,255)	160,673	689,119	(162,447)
Group's share in associates' reserves	(38,443)	(364,505)	339,101	(361,762)
	(185,698)	(203,832)	1,028,220	(524,209)
<b>Total comprehensive income for the period</b>	<u>1,056,749</u>	<u>2,686,826</u>	<u>9,280,949</u>	<u>4,411,547</u>
<b>Attributable as follows:</b>				
Company's shareholders	902,857	2,456,744	8,903,753	3,721,465
Non-controlling interests	153,892	230,082	377,196	690,082
	<u>1,056,749</u>	<u>2,686,826</u>	<u>9,280,949</u>	<u>4,411,547</u>

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

**Interim condensed consolidated statement of changes in equity (unaudited)**  
Nine months ended 30 September 2013

	Equity attributable to the shareholders of the parent company							Total equity attributable to shareholders of the Company		Non-controlling interests	Total equity
	Share capital	Share Premium	Treasury shares	Statutory reserve	Voluntary reserves	Other reserves (Note 11)	Retained earnings	Company	KD		
<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 income for the period	-	-	-	-	-	(524,209)	4,245,674	3,721,465	690,082	4,411,547	
Purchase of treasury shares	-	-	(1,738,340)	-	-	-	-	(1,738,340)	-	(1,738,340)	
Cash dividends	-	-	-	-	-	-	(8,628,141)	(8,628,141)	-	(8,628,141)	
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,015,828)	(1,015,828)	
<b>Balance as at 30 September 2012</b>	183,481,393	1,410,492	(19,148,361)	25,461,424	22,089,304	5,255,588	26,025,725	244,575,565	15,740,436	260,316,001	
<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	-	-	-	-	-	1,028,220	7,875,533	8,903,753	377,196	9,280,949	
Purchase of treasury shares	-	-	(119,143)	-	-	-	-	(119,143)	-	(119,143)	
Share capital decrease by treasury shares	(13,282,618)	(102,108)	19,502,341	-	-	(166,215)	(5,951,400)	-	-	-	
Effect of acquisition of additional share in subsidiary (note 18)	-	-	-	-	-	-	138,852	138,852	(4,157,905)	(4,019,053)	
Cash dividends (note 20)	-	-	-	-	-	-	(8,502,006)	(8,502,006)	-	(8,502,006)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(609,410)	(609,410)	
<b>Balance as at 30 September 2013</b>	170,198,775	1,308,384	(119,143)	26,610,698	22,663,941	6,535,069	24,552,550	251,750,274	9,729,637	261,479,911	

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

Interim condensed consolidated statement of cash flows (unaudited)  
Nine months ended 30 September 2013

	Notes	Nine months ended 30	
		September	
		2013	2012
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		8,252,729	4,935,756
<i>Adjustments:</i>			
Depreciation of property, plant and equipment		1,681,927	1,673,876
Gain on sale of investment properties	13	-	(273,439)
Change in fair value for transferred to projects in progress		-	(4,156,859)
Gains/(losses) from investments in associates		(157,653)	189,360
Gain on sale of land and real estates held for trading		(5,866,385)	(2,894,729)
Gain from investment profits		(880,552)	(89,655)
Foreign currency evaluation differences		69,834	(24,374)
Finance cost		3,311,765	4,362,995
Employees' end of service indemnity		147,707	95,626
Operating profit before changes in working capital		6,559,372	3,818,557
Projects in progress		-	(24,050)
Investments at fair value through profit or loss		(109,302)	(339,839)
Receivables and other debit balances		3,239,814	2,035,693
Payables and other credit balances		(2,677,890)	380,295
End of service indemnity paid		(145,256)	-
<i>Net cash generated from operating activities</i>		<u>6,866,738</u>	<u>5,870,656</u>
<b>INVESTING ACTIVITIES</b>			
Paid for the acquisition of property, plant and equipment		(31,465)	(326,215)
Paid for projects in progress		(3,815,632)	(1,478,489)
Paid for purchase of investment properties		(493,174)	(2,662,284)
Proceeds from sale of investment properties		-	11,200,000
Cash generated from acquisition/derecognizing of a subsidiary		(4,019,053)	(64,217)
Paid for purchase of shares in associates		(3,342,214)	(2,021,572)
Proceeds from sale of shares in associates		-	1,110,814
Cash dividends received from investments in associates		132,000	132,000
Paid for purchase of available for sale investments		(2,436,859)	-
Proceeds from sale of available for sale investments		3,147,328	1,675,990
Proceeds from sale of land and real estates held for trading		6,638,398	-
Cash dividends received		369,828	158,696
<i>Net cash (used in) / generated from investing activities</i>		<u>(3,850,843)</u>	<u>7,724,723</u>
<b>FINANCING ACTIVITIES</b>			
Financing from third party		5,589,560	(2,069,999)
Paid for purchase of treasury shares		(119,143)	(1,738,340)
Finance cost paid		(3,238,129)	(4,310,179)
Dividends paid		(8,365,590)	(8,674,574)
Non-controlling interests		(609,410)	(1,015,828)
<i>Net cash used in financing activities</i>		<u>(6,742,712)</u>	<u>(17,808,920)</u>
Net change in cash and cash equivalents		(3,726,817)	(4,213,541)
Cash and cash equivalents at beginning of the period		6,235,390	13,032,195
<b>Cash and cash equivalents at end of the period</b>	8	<u>2,508,573</u>	<u>8,818,654</u>

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

## 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 Register 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 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's management shall carry out all its objectives for which it have been established in accordance with the Noble Islamic Sharia principles.

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

The Company's shares have been registered in the Kuwait Stock Exchange on 21 December 2004.

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), superseded the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to articles 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Commerce and Industry by 29 September 2013 will determine the basis and rules which the Company shall adopt to regularize its affairs with the Companies Law as amended.

The interim condensed consolidated financial information includes the interim financial information of the Company and its subsidiary (together referred to as the "Group") (note 18).

The interim condensed consolidated financial information was authorized for issuance by Company's board of director's on 11 November 2013.

## 2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standards 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 in the interim condensed consolidated financial information.

The operating results for the nine-month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the year ended 31 December 2013.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should refer to the annual consolidated financial statements of the Group as at 31 December 2012.

## 2. Basis of preparation (continued)

### 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 Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the new and amended IFRS that have become effective as of 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.

#### *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.

## 2. Basis of preparation (continued)

### *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, 'Disclosures 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.

### *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 is not yet effective.

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

3. Investment properties

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
Balance at beginning of the period/year	241,784,642	236,542,005	236,542,005
Additions	493,174	10,043,962	2,662,284
Disposals	-	(10,926,561)	(10,926,561)
Change at fair value	-	6,125,236	-
Balance at end of the period/year	<u>242,277,816</u>	<u>241,784,642</u>	<u>228,277,728</u>

4. Investments in associates

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
Balance at beginning of the period/year	22,340,693	22,620,041	22,620,041
Additions	3,342,214	2,021,572	2,021,572
Disposals	-	(862,570)	(245,260)
Cash dividends	(132,000)	(132,000)	(132,000)
Group's share in associates' reserves	339,101	(234,818)	(361,762)
Group's share in associates' results	157,653	(3,647,902)	(189,360)
Net impairment losses	-	2,576,370	(997,555)
Balance at end of the period/year	<u>26,047,661</u>	<u>22,340,693</u>	<u>22,715,676</u>

During the period, the Group subscribed in the share capital increase of the associate - Al-Salmiya Group Company at a cost of KD 3,125,000. This resulted in an increase in the ownership percentage at 3.13%. The investment in associate - Al-Salmiya Group Company - is pledged against financing granted to the associate.

The Group recorded its share in associates' results based on the latest available financial statements as at 31 December 2012 and 30 June 2013.

5. Available for sale investments

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
Investment in quoted shares	1,401,255	957,004	1,093,931
Investment in unquoted shares	20,709,939	20,911,207	21,706,903
Investment in quoted real estate funds	-	4,449,048	4,348,210
Investment in unquoted real estate funds	7,532,758	2,949,242	2,092,412
	<u>29,643,952</u>	<u>29,266,501</u>	<u>29,241,456</u>

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

**5. Available for sale investments (continued)**

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 20,447,075 as at 30 September 2013 (KD 19,975,169 as at 31 December 2012, KD 20,485,357 as at 30 September 2012) was determined based on other valuation methods 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. Investments at fair value through statement of income**

Investments 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 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
Trade receivables	4,734,205	2,431,943	1,983,641
Non-trade receivables	1,950,000	1,950,000	1,950,000
Due from related parties (note 17)	1,744,605	1,777,471	25,386,068
Provision for doubtful debts	<u>(3,398,557)</u>	<u>(3,398,557)</u>	<u>(2,525,687)</u>
	5,030,253	2,760,857	26,794,022
Advance payments	25,000	26,010	202,650
Refundable deposits	159,601	129,001	128,876
Due from subsidiaries under liquidation	108,892	5,633,629	1,538,974
Other debit balances	855,162	869,224	1,081,846
	<u>6,178,908</u>	<u>9,418,721</u>	<u>29,746,368</u>

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

8. Cash and bank balances

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
Cash on hand	16,619	16,319	16,319
Cash at banks and financial institutions	4,421,086	8,019,862	10,512,227
Cash at investment portfolios	170,868	299,209	390,108
Murabaha at banks and financial institutions	3,000,000	3,000,000	-
Cash and bank balances	<u>7,608,573</u>	<u>11,335,390</u>	<u>10,918,654</u>
Less:			
Restricted cash against bank guarantees	(2,100,000)	(2,100,000)	(2,100,000)
Murabaha at banks and financial institutions due for more than three months	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
Cash and cash equivalents (for cash flows purposes)	<u>2,508,573</u>	<u>6,235,390</u>	<u>8,818,654</u>
Murabaha yield rate (%)	<u>1.00 - 0.75</u>	<u>1.00 - 0.81</u>	<u>-</u>

9. Share capital

On 14 April 2013, The Extraordinary General Assembly of the shareholders has approved the decrease of the company's paid up and issued share capital from KD 183,481,393 to KD 170,198,775 through the amortization of 132,826,178 shares of treasury shares as of 31 December 2012 with nominal value of 100 fils per share amounting to KD 13,282,618 as of 31 December 2012 and amortizing the remaining shares as follows:

- Extinguishing gain on sale of treasury shares reserve of KD 166,215.
- Extinguishing a portion of share premium of KD 102,108.
- Extinguishing an amount of KD 5,951,400 in retained earnings.

The company's paid up and issued share capital is KD 170,198,775 divided into 1,701,987,750 shares, with a nominal value of 100 fils for each (KD 183,481,393 divided into 1,834,813,928 shares as at 31 December 2012, KD 183,481,393 divided into 1,834,813,928 shares as at 30 September 2012). All shares are cash shares.

The amendment on share capital was registered in the commercial register on 20 August 2013.

10. Treasury shares

	30 September 2013	31 December 2012 (audited)	30 September 2012
Number of shares (Share)	1,586,471	132,826,178	127,949,610
Percentage to issued shares (%)	0.09	7.24	6.97
Market value (KD)	145,955	9,297,832	9,724,170

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

11. Other reserves

	Changes in fair value reserve KD	Group's share in associates' reserves KD	Gain on sale of treasury shares KD	Property, plant and equipment revaluation surplus KD	Total KD
<b>As 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	(162,447)	(361,762)	-	-	(524,209)
<b>As at 30 September 2012</b>	<u>1,788,643</u>	<u>(2,247,156)</u>	<u>166,215</u>	<u>5,547,886</u>	<u>5,255,588</u>
<b>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	689,119	339,101	(166,215)	-	862,005
<b>As at 30 September 2013</b>	<u>2,768,294</u>	<u>(1,781,111)</u>	<u>-</u>	<u>5,547,886</u>	<u>6,535,069</u>

Movement analysis on changes in fair value reserve is as follows:

	30 September 2013 KD	31 December 2012 (audited) KD	30 September 2012 KD
<b>Balance at beginning of the period</b>	2,079,175	1,951,090	1,951,090
Other comprehensive income items:			
Change in fair value	689,119	(18,407)	(419,340)
Transferred to statement of income resulting from sale	-	(17,409)	(17,409)
Impairment losses	-	163,901	274,302
<b>Balance at end of the period</b>	<u>2,768,294</u>	<u>2,079,175</u>	<u>1,788,643</u>

12. Financing from third party

	30 September 2013 KD	31 December 2012 (audited) KD	30 September 2012 KD
Financing from third party – non- current portion	85,042,819	80,613,425	94,649,700
Financing from third party – current portion	17,740,000	16,510,000	12,940,000
	<u>102,782,819</u>	<u>97,123,425</u>	<u>107,589,700</u>
Cost rate (%)	<u>5-3.75</u>	<u>5-4.5</u>	<u>5-6.5</u>

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

**12. Financing from third party (continued)**

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

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

	<b>30 September 2013</b>	<b>31 December 2012 (audited)</b>	<b>30 September 2012</b>
	KD	KD	KD
Property, plant and equipment	30,283,747	31,920,497	32,476,548
Projects in progress	12,039,173	9,092,000	8,696,510
Investment properties	208,008,816	207,515,642	195,555,663
Land and real estates held for trading	1,224,914	1,224,914	-

**13. Net gains from investment properties**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	KD	KD	KD	KD
Rental income	3,240,608	2,343,995	9,177,270	7,333,635
Operating expenses	(541,376)	(402,522)	(1,637,896)	(1,121,574)
Net rental income	2,699,232	1,941,473	7,539,374	6,212,061
Gain on sale	-	-	-	273,439
	<u>2,699,232</u>	<u>1,941,473</u>	<u>7,539,374</u>	<u>6,485,500</u>

**14. Net hotel losses**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	KD	KD	KD	KD
Net hotel revenues	1,031,782	952,899	3,676,383	2,862,291
Operating expenses – including depreciation for the period	(1,468,436)	(1,389,611)	(4,526,971)	(4,132,268)
	<u>(436,654)</u>	<u>(436,712)</u>	<u>(850,588)</u>	<u>(1,269,977)</u>

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

15. Net gain from investments

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	KD	KD	KD	KD
<b>Available for sale investments</b>				
Net gain on sale	-	55,970	997,511	197,006
Cash dividends	108,774	120,982	444,291	236,236
Impairment losses	-	(190,692)	(673,174)	(441,577)
	<u>108,774</u>	<u>(13,740)</u>	<u>768,628</u>	<u>(8,335)</u>
<b>Financial investments at fair value through profit or loss</b>				
Change in fair value	105,829	71,528	18,809	43,194
Net gain on sales	4,258	1,236	26,216	16,406
Cash dividends	-	4,300	66,899	38,390
	<u>110,087</u>	<u>77,064</u>	<u>111,924</u>	<u>97,990</u>
	<u>218,861</u>	<u>63,324</u>	<u>880,552</u>	<u>89,655</u>

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

Earnings per share is calculated by dividing net profit attributable to shareholders of the Company by the weighted average number of outstanding ordinary 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	
	2013	2012	2013	2012
	KD	KD	KD	KD
Net profit for the period (KD)	1,088,555	2,660,576	7,875,533	4,245,674
Weighted average number of outstanding shares during the period (shares)	<u>1,701,453,115</u>	<u>1,706,864,318</u>	<u>1,700,681,566</u>	<u>1,706,864,318</u>
Earnings per share (fils)	<u>0.64</u>	<u>1.56</u>	<u>4.63</u>	<u>2.49</u>

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.

17. 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:

Notes to interim condensed consolidated financial information (unaudited)  
Nine months ended 30 September 2013

17. Related party transactions (continued)

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
<b>Interim condensed consolidated statement of financial position</b>			
Receivables and other debit balances (Note 7)	1,744,605	1,777,471	25,386,068
Payables and other credit balances	3,331	636,460	636,460
<b>Interim condensed consolidated statement of income</b>			
Key management benefits	349,843	943,825	396,924
Gain on sale of land and real estates held for trading	-	2,894,729	2,894,729

18. Acquisition of a share in a subsidiary

During the period, the Group increased its share in the subsidiary "Al Mutajara Real Estate Company – K.S.C.C" by 12.674% through the acquisition of non-controlling interests at an amount of KD 4,019,053. The net book value of the acquired assets and liabilities exceeded the paid amount with KD 138,852; such difference was included in equity.

19. Capital commitments and contingent liabilities

	30 September 2013	31 December 2012 (audited)	30 September 2012
	KD	KD	KD
<b>Capital commitments</b>			
Uncalled capital – investments	1,286,165	612,213	612,213
Contract for projects in progress	4,275,691	2,488,170	3,928,359
	<u>5,561,856</u>	<u>3,100,383</u>	<u>4,540,572</u>
<b>Contingent liabilities</b>			
Letters of guarantee	<u>4,714,944</u>	<u>2,696,944</u>	<u>3,134,444</u>

20. Dividends

The annual Ordinary General Assembly of shareholders was held on 14 April 2013 and has approved the consolidated 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 Company's Ordinary General Assembly meeting.

**Notes to interim condensed consolidated financial information (unaudited)**  
Nine months ended 30 September 2013

**21. Segment information**

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

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

	Nine months ended 30 September 2013		Nine months ended 30 September 2012	
	Real estate segment KD	Investment segment KD	Real estate segment KD	Investment segment KD
Revenues/ (losses)	14,193,067	1,038,205	13,388,685	12,304,683
Direct costs	(2,227,068)	(125,815)	(2,593,790)	(2,655,586)
Gross profit	11,965,999	912,390	10,794,895	9,649,097
Unallocated costs				(1,145,798)
Currency valuation differences		(4,555,826)		(4,737,715)
Net profit for the period		(69,834)		24,374
		8,252,729		4,935,756

