ANNUAL REVIEW 2015

URC
شركة العقارات المتحدة
United Real Estate Co

Dar al-Athar al-Islamiyyah, one of Kuwait's leading cultural organizations, was created to manage activities related to The al-Sabah Collection. The collection includes one of the world's finest assemblages of arts from the Islamic world. The collection consists of over 30,000 priceless objects, including manuscripts, scientific instruments, carpets, fabrics, jewelry, ceramics, ivory, metalwork and glass from countries such as Spain, India, China and Iran.

This year, the annual reports of KIPCO Group companies each feature a key ancient carpet from The al-Sabah Collection. The images used within the reports reflect KIPCO's commitment to protecting and promoting Kuwait's heritage, while helping to build the nation's future.

The item pictured here (LNS 24 R) is a Medallion carpet in the small-format Ushak tradition, and is made out of wool. It was made in Bergama, Western Anatolia, during the 18th century CE. The image is reproduced with the kind permission of The al-Sabah Collection, Dar al-Athar al-Islamiyyah.

H.H. Sheikh Sabah
Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

H.H. Sheikh Nawaf
Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

This year, the annual reports of KIPCO Group companies each feature a key ancient carpet from Dar al-Athar al-Islamiyyah - one of the world's finest collections of Islamic art. These images are reproduced with the kind permission of The al-Sabah Collection, Dar al-Athar al-Islamiyyah.

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& Management Report

Letter from the Chairman

Dear Shareholders,

I am pleased to present you with United Real Estate Company's (URC) Annual Report for the year ending December 31st 2015, which demonstrates URC's continued positive results.

The year 2015 was defined by a sharp drop in oil prices, which consequently had an impact on the operational and investment environment across the Middle East. Despite these external conditions, United Real Estate Company continued to develop its ongoing projects, as well as prepared the launch of new developments soon to be announced, due to a positive economic forecast of the GCC and MENA region.

The forecast for 2015 included the growth of the company's revenues and profits that is evident by URC's end year results, yielding a 17% increase in revenues to reach KD 61 million, and a 34% rise in operating profit to reach KD 23 million, compared with the same year in 2014. Additionally, net profit increased by 8.3% from the same period last year, to reach KD 8 million. As a result of the financial earnings in 2015, URC's Board of Directors proposed distributing cash dividends of 5 fils per share (i.e. 5%), subject to approval of the company's general assembly meeting.

We have been consistent in implementing URC's strategic long-term vision and objectives, enabling the company to yield steady and positive financial outcomes. These include the balance of income sources and structuring a diversified portfolio of assets and businesses, in order to achieve sustainable, balanced returns. Accordingly, the company's management led the development of assets that were strategically and geographically dispersed, and varied in nature, between operational and selling.

Over the last five years, URC witnessed a 52% increase in the company's total assets, yielding a cumulative figure of KD 554 million. Furthermore, the company's revenues rose 154% to reach KD 61 million since 2010. The major leap in results clearly demonstrates the company's extensive efforts and visible progression, despite difficult economic conditions in the Middle East during that time.

In line with URC's strategy, the company focused on its core business of developing real estate projects, in addition to building and strengthening its various subsidiaries, whose expertise lies in various areas including property and facilities management, contracting and building, construction and project management. The growth of URC's subsidiaries impacted the company's total revenues positively, with an increase of 43% in contracting and services revenue, as compared with the same year in 2014, to reach KD 12 million, which the company plans to double in the coming year.

We are pleased to provide an overview of the developments of our projects, starting with the completion of 'Raouche View at 1090', a luxury high rise building situated overlooking the famous Raouche rocks in Beirut, Lebanon, in addition to 'Aswar Residences', a 75 unit residential community in New Cairo, and 'Abdali Mall', a 56,500 square meter, first of its kind entertainment and retail shopping destination in Amman, Jordan. Abdali Mall is one of the largest shopping malls in the Kingdom of Jordan and will open its doors within the next quarter of this year.

We would also like to highlight URC's latest investment in Morocco, which took place in the first quarter of 2015. The investment consisted of the company acquiring a 49% stake in Assoufid company, which owns a master planned project spanning over 2 million square meters in the vibrant city of Marrakech. The development includes the award winning Assoufid Golf Course, in addition to several components including a five star hotel, a variety of high end residential components, and a range of services and facilities. Due to URC's expertise in this area, the company was appointed to develop the Assoufid project, which is currently in its final master plan design stage.

Furthermore, we are also pleased to announce the company's plans to develop a number of new projects in Cairo and Sharm El Sheikh in Egypt, which are currently under feasibility study and will consists of a range of residential and hospitality components. Shuwaimiyah in the Sultanate of Oman, is another URC project, currently in its final master plan stages and will also include residential and hospitality components. It is forecasted that these developments will be underway following their respective feasibility studies, within the next five years.

During 2014 and 2015, URC's management conducted a comprehensive review of the company's financing contracts with several banks that resulted in the positive changing of the company's debt maturity and the reduction of its cost of financing, to support expansion and future development plans to build a capital structure aligned to development strategies. URC also sought to diversify its sources of financing than from traditional banking facilities, which has both mitigated financial risks and opened up opportunities by establishing strategic partnerships with third party investors and real estate professionals in the region.

In 2014, Capital Intelligence affirmed URC's bond rating, worth KD 60 million, at 'BBB with a stable outlook' from 'BBB- with a positive outlook', which continued throughout 2015. This was a result of URC's sizeable portfolio of high quality assets consisting of hotels and shopping malls that generate a stable and sustainable income revenue stream. This is forecasted to continue to grow upon the operation of the company's assets under development. Furthermore, the improvement of debt maturity and diversification of resources in 2014 and 2015 further supported the affirmed rating.

United Real Estate Company aims to continue to optimize its strategic activities throughout 2016 to increase operating profits and facilitate more diversification, as well as launching new projects.

To our Shareholders, I would like to extend my gratitude and appreciation for their continued trust and valued support and to commend the dedication and sincere efforts of URC's Executive Management Team, our valued employees and all of our subsidiaries and affiliates.

May Allah grant the State of Kuwait continued development and prosperity under the steady guidance and leadership of HH the Amir of the State of Kuwait, and HH the Crown Prince.

Sincerely,

Tariq Mohammed AbdulSalam
Chairman

Board of Directors

Tariq Mohammed AbdulSalam
Chairman

Ali Ibrahim Marafi
Vice Chairman

Sheikh Fadel Khaled Al-Sabah
Board Member

Sheikha Bibi Nasser Sabah Al-Ahmed Al-Sabah
Board Member

Samer Subhi Khanachet
Board Member

Mazen Isam Hawa
Board Member

Adel Jassem Al Waqayan
Board Member

Executive Management

Ahmad Kasem

Deputy CEO

Amr Sultan

Group Chief Financial Officer

David Stafford

Chief Sales & Marketing Officer

Oussama Zeitoun

Chief Development Officer

Joe Saliba

Head of Legal & Compliance

Ahmed Al Kandari

UFM Vice Chairman & CEO

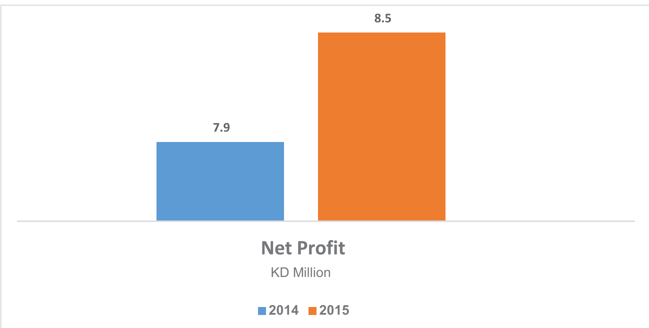
EXECUTIVE SUMMARY

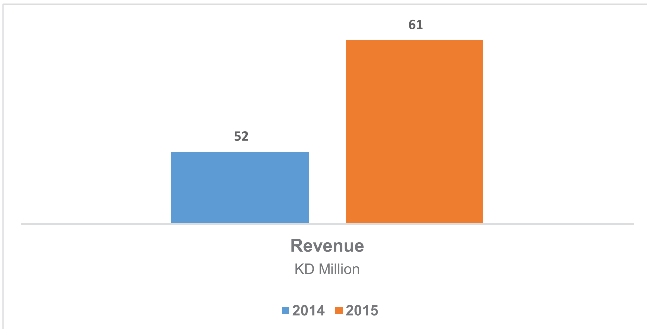
United Real Estate Company

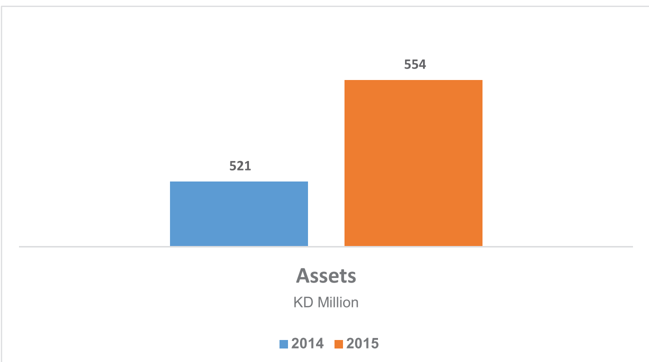
United Real Estate Company (URC) is one of the MENA region's leading real estate companies. Founded in 1973, and listed on the Kuwait Stock Exchange since 1984, URC primarily operates in the Middle East and North Africa (MENA) region through a number of operational subsidiaries and investments arms. The company's portfolio includes retail complexes, hotels, resorts, residential buildings, high rise office buildings, as well as mixed use developments. URC's majority shareholder is KIPCO Group, one of the largest holding companies in the Middle East and North Africa. The Group has significant ownership interests in over 60 companies spanning across 24 countries.

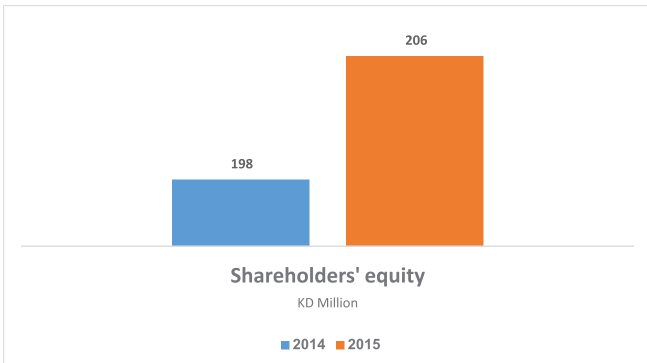
Key Financial Highlights

- Growth in revenue by 17%, compared to 2014
- Growth in gross profit by 26%, compared to 2014
- Growth in operating profits by 34%, compared to 2014
- Growth in total assets by 6% compared to 2014







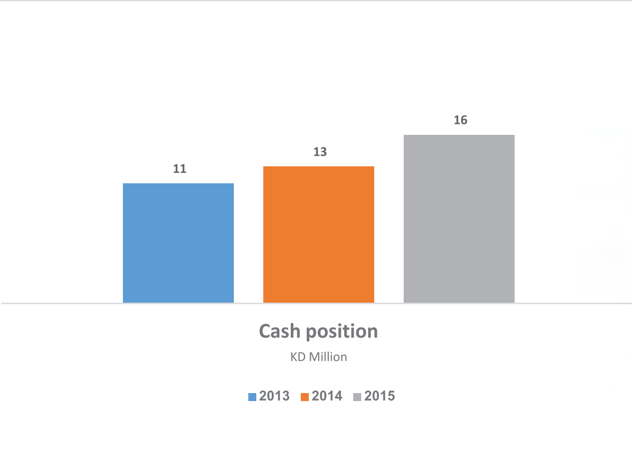


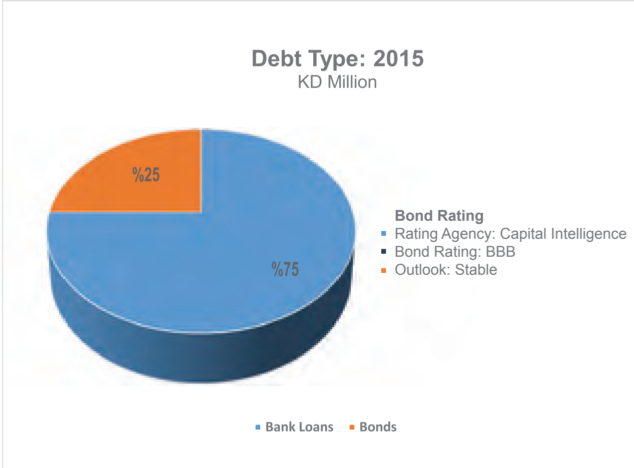
Key Achievements in 2015

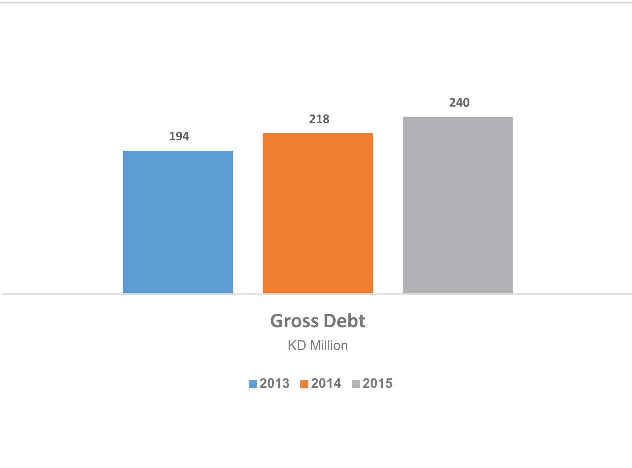
- Completion of Raouche View at 1090 project in Beirut, Lebanon
- Substantial completion of Aswar Residences in Egypt
- Preparation of final stages for the launch Abdali Mall in Jordan
- Acquisition of a 2 million square meter development in Marrakech, Morocco.
- Attainment of two international accolades, the World Finance Award for 'Property Company of the Year' & 'Best Retail Developer, Middle East', 2015

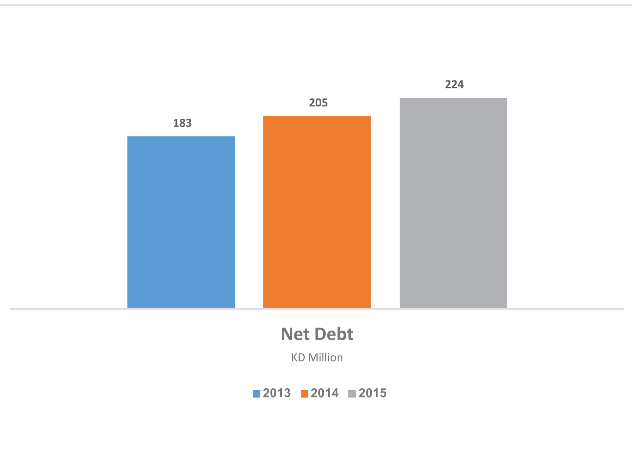
Financial Highlights

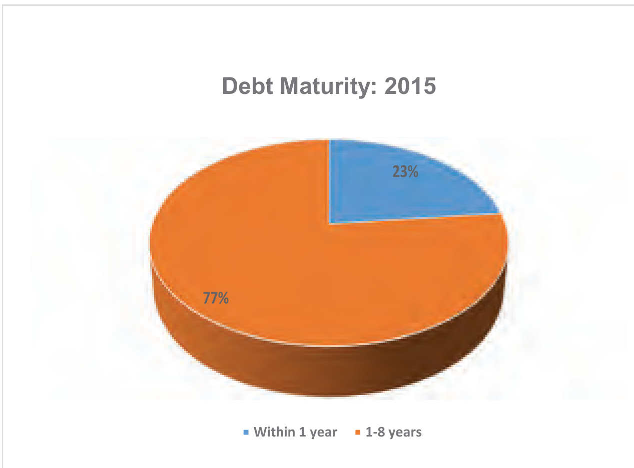
Debt Profile



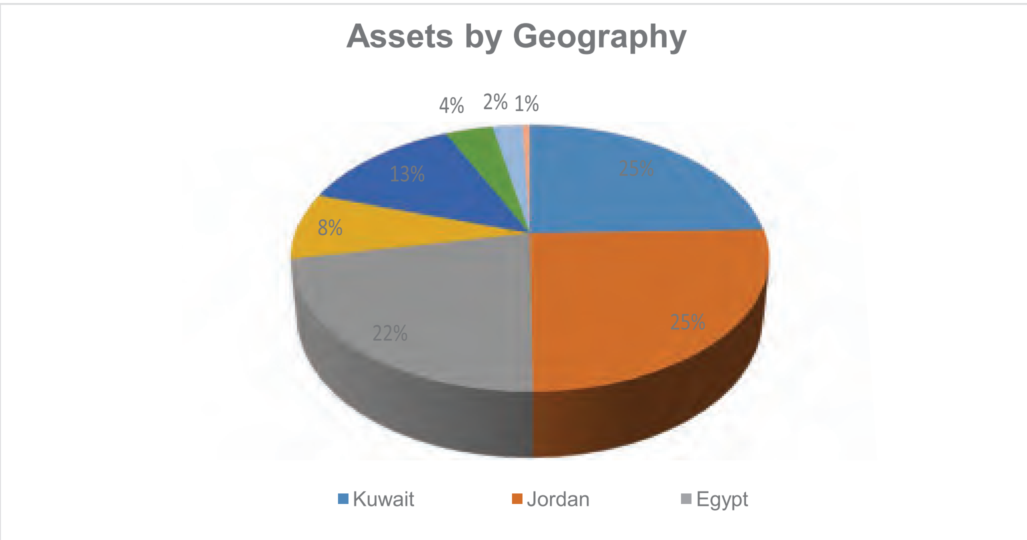


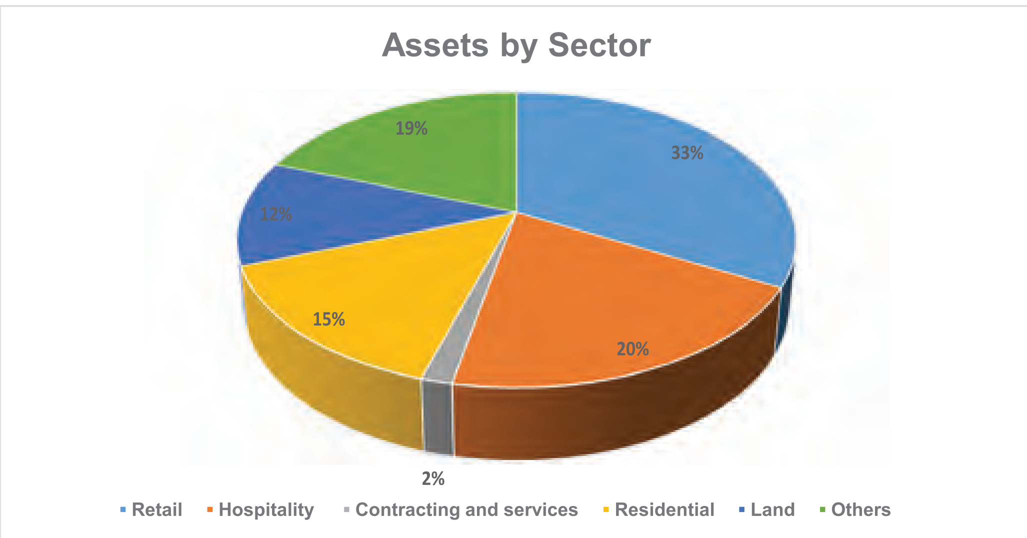






Geography & Sector





Assoufid: Marrakech, Morocco

Assoufid is a master planned integrated tourism and residential resort situated in the vibrant city of Marrakech in Morocco. The project will have several components including a boutique 5 star hotel, spa and wellness center, convenience retail, residential apartments and villas, in addition to the existing Assoufid Golf Club – a stunning 18-hole golf course and driving range, integrated into the existing landscape, with the Atlas Mountains as its backdrop.

Rated as the best course in Morocco, Assoufid Golf Club offers visitors and members alike an exciting and unique golfing experience. The Club includes signature restaurant ‘La Colline’, led by French chef, Damien Durand, in addition to a pro shop, member’s lounge, and a private pavilion for events.

Abdali Mall: Abdali, Jordan

An award winning development and the first of its kind in the area, Abdali Mall embraces a new design of blended indoor and outdoor retail spaces in the heart of Jordan's capital city of Amman. The five-story mall, spanning over 227,000 sqm, offers visitors a complete retail experience through its diverse tenant mix of international brands, dining and entertainment options, in addition to basement car parking for 2,400 cars. The development includes innovative sustainability design features such as water conservation, passive cooling and heating to reduce energy usage and boasts a unique open-air food court and entertainment precinct.

Raouche View at 1090: Beirut, Lebanon

Raouche View at 1090, is a premium residential resort property right on the Mediterranean Sea and overlooking Beirut's iconic Raouche Rocks. Built over 22 floors, the project boasts a high-end, minimalistic design and consists of 40 apartments and two duplex penthouses. Residents have access to their own private health club which includes a gymnasium, sauna, steam room and indoor swimming pool as well as the expansive outdoor resort facilities and gardens featuring swimming pool, private seating, BBQ areas, and a children's pool.

Aswar Residences: New Cairo, Egypt

Aswar Residences is an exclusive gated residential community in the up-and-coming city of New Cairo, 40 kilometers from the capital city of Cairo. The boutique project includes 75 villas in three distinct floor plans, each with basement parking, multi-purpose room, open plan modern designs and finishes and a rooftop entertainment area. The development's design concept focuses on creating an integrated residential community, with lifestyle amenities such as landscaped gardens, pedestrian paths and children's play areas, as well as a community clubhouse with gymnasium and outdoor resort style swimming pool.

Subsidiaries

United Real Estate Company's subsidiaries specialize in various real estate and development services including contracting, property and facilities management, construction, and project management.

United Facilities Management is a wholly owned subsidiary of URC and was the first company in Kuwait to offer fully integrated facilities management services across the MENA region.

Among a number of corporate activities and achievements in 2015 included participating in the regional FM exhibition in Dubai, FM EXPO 2015, which was used to launch UFM's regional offices as well as introducing its services to the regional market.

Additionally, UFM was awarded new contracts with the Ministry of Finance, Wafra Real Estate Company and Gulf Investment Corporation.

United Building Company is a pioneer in the Kuwait building and construction industry in providing turn-key solutions to government and private sector clients. UBC is classified as a Grade "1" contracting company since 1984, with several iconic projects in state of Kuwait such as the Grand Mosque, Jaber Al Ahmed Military Hospital, and the first residential neighborhood at Al Qurain area.

In 2015, UBC's achievements included starting execution of both the Public Prosecution's headquarters, worth KD 24,570,000, and the Public Welfare & BOT Agency headquarters with a project cost of KD 9,889,000. UBC additionally handed over 4 residential buildings valued at KD 2,575,351, and completed the Fahaheel Medical Center, worth KD 2,879,000.

Most recently in 2016, UBC was awarded the Sheikha Salwa Al Sabah Center for Stem Cell Research, valued at KD 5,653,500, and signed a contract for the Experts Department Headquarters, valued at KD 22,888,632.

Kuwait United Construction Management is another wholly owned subsidiary of URC. Established in 1988, KUCM provides project management services to the company's developments across the region. During the year 2015, KUCM was awarded Project Management services for the Expansion of the American University of Kuwait (AUK) campus.

The new expansion incorporates a student union building, a generic building and an advising center. Furthermore, KUCM was awarded a Construction Management services agreement for the Sharm Montazah Bay Resort in Egypt, a touristic hotel and residential apartments, with a total estimated area of 17,074 square meters.

KUCM was also granted Construction Management services for URC's upcoming high-end residential compound project in Egypt (Manazil Residential Compound), covering a total land area of 98,904 square meters. In addition, KUCM was granted a contract renewal by the Kuwait National Petroleum Company (KNPC) for Construction Management services for the Emergency & Operation Center in Al-Ahmadi, worth KD 20 million.

UNITED REAL ESTATE COMPANY - S.A.K.P.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2015

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of United Real Estate Company S.A.K.P. (the "Parent Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Parent Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED REAL ESTATE COMPANY S.A.K.P. (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No 25 of 2012, as amended and its executive regulations, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No 25 of 2012, as amended, and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

Dr. ALI OWAID RUKHEYES
LICENCE NO. 72-A
MEMBER OF NEXIA INTERNATIONAL – (ENGLAND)
Al Waha Auditing Office

15 February 2016
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	*2015* *KD*	*2014* *KD*
ASSETS			
Non-current assets			
Property and equipment	10	**86,879,124**	86,520,287
Investment properties	9	**272,259,467**	257,297,865
Investment in associates	8	**75,400,255**	66,581,412
Available for sale investments	7	**18,547,688**	15,770,438
Goodwill		**12,496**	12,496
		453,099,030	426,182,498
Current assets			
Properties held for trading	6	**64,855,667**	58,849,241
Accounts receivable, prepayments and other assets	5	**19,873,360**	22,969,186
Cash, bank balances and short term deposits	4	**16,051,069**	13,027,132
		100,780,096	94,845,559
TOTAL ASSETS		**553,879,126**	521,028,057
LIABILITIES AND EQUITY			
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	12	**124,172,475**	55,398,416
Deferred tax liabilities	20	**11,372,899**	10,137,338
Bonds	13	**60,000,000**	60,000,000
		195,545,374	125,535,754
Current liabilities			
Interest bearing loans and borrowings	12	**55,781,176**	102,132,904
Accounts payable, accruals and other payables	11	**51,447,648**	57,730,359
		107,228,824	159,863,263
Total liabilities		**302,774,198**	285,399,017
EQUITY			
Share capital	14	**118,797,442**	118,797,442
Share premium	14	**15,550,698**	15,550,698
Statutory reserve	15	**19,320,503**	18,416,444
Voluntary reserve	16	**2,582,767**	2,582,767
Treasury shares	17	**(14,478,743)**	(14,538,991)
Treasury shares reserve		**491,325**	514,316
Other reserve		**152,073**	146,930
Cumulative changes in fair values		**20,781**	78,834
Foreign currency translation reserve		**5,021,965**	410,214
Retained earnings		**58,493,894**	56,236,030
Equity attributable to equity holders of the Parent Company		**205,952,705**	198,194,684
Non-controlling interests		**45,152,223**	37,434,356
Total equity		**251,104,928**	235,629,040
TOTAL LIABILITIES AND EQUITY		**553,879,126**	521,028,057

Tariq M. Abdulsalam
Chairman

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	***2015*** ***KD***	*2014* *KD*
REVENUE			
Gross rental income		**20,082,245**	17,260,761
Hospitality income		**21,584,005**	19,032,826
Contracting and services revenue		**12,257,484**	8,590,335
Sale of properties held for trading		**1,133,928**	4,939,031
Other operating revenue		**5,486,670**	1,889,117
		60,544,332	51,712,070
COST OF REVENUE			
Properties operating costs		**(1,777,317)**	(1,654,883)
Rental expense on leasehold properties		**(1,482,003)**	(201,115)
Hospitality costs		**(14,310,471)**	(12,629,945)
Depreciation of hospitality assets	10	**(3,994,305)**	(4,227,521)
Contracting and services costs		**(12,867,767)**	(8,847,031)
Cost of properties held for trading sold	6	**(943,529)**	(4,106,092)
		(35,375,392)	(31,666,587)
GROSS PROFIT		**25,168,940**	20,045,483
Investment income	18	**165,925**	39,759
General and administrative expenses	19	**(6,336,785)**	(7,180,755)
Depreciation of property and equipment	10	**(328,701)**	(480,470)
Gain on disposal of investment properties		**204,040**	2,968,175
Valuation gain on investment properties	9	**4,617,110**	2,224,983
Provision for maintenance on leasehold properties		**(264,000)**	(235,680)
Write down of properties held for trading	6	**(5,788)**	(5,405)
Net impairment of accounts receivable and other assets	5	**(100,000)**	(123,609)
OPERATING PROFIT		**23,120,741**	17,252,481
Gain on partial disposal of investment in an associate	8	**201,120**	-
Gain on disposal of investment in a subsidiary	3	**93,559**	-
Gain on disposal of property and equipment		**110,664**	-
Interest income		**426,024**	667,356
Other income		**139,365**	-
Finance costs		**(11,085,198)**	(9,886,882)
Share of results of associates	8	**(1,592,557)**	961,159
Foreign exchange gain		**677,346**	357,411
PROFIT BEFORE TAXATION AND DIRECTORS' REMUNERATION		**12,091,064**	9,351,525
Taxation	20	**(1,673,924)**	(1,536,398)
Directors' remuneration		**(90,000)**	(90,000)
PROFIT FOR THE YEAR		**10,327,140**	7,725,127
Attributable to:			
Equity holders of the Parent Company		**8,533,446**	7,876,473
Non-controlling interests		**1,793,694**	(151,346)
		10,327,140	7,725,127
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY			
BASIC EARNINGS PER SHARE	21	**7.9 fils**	7.4 fils
DILUTED EARNINGS PER SHARE	21	**7.9 fils**	7.3 fils

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	*2014*
	KD	*KD*
Profit for the year	**10,327,140**	7,725,127
Other comprehensive income:		
Other comprehensive income for the year to be reclassified to consolidated income statement in subsequent periods:		
Realised gain on sale of available for sale investments transferred to the consolidated income statement	**(99,797)**	-
Net changes in fair value of available for sale investments	**41,744**	44,692
Exchange difference on translation of foreign operations	**10,541,067**	2,806,118
Other comprehensive income for the year	**10,483,014**	2,850,810
Total comprehensive income for the year	**20,810,154**	10,575,937
Attributable to:		
Equity holders of the Parent Company	**13,121,207**	12,103,891
Non-controlling interests	**7,688,947**	(1,527,954)
	20,810,154	10,575,937

The attached notes 1 to 28 form part of these consolidated financial statements.

United Real Estate Company S.A.K.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Equity attributable to equity holders of the Parent Company												
	Share capital	*Share premium*	*Statutory reserve*	*Voluntary reserve*	*Treasury shares*	*Treasury shares reserve*	*Other reserve*	*Cumulative changes in fair values*	*Foreign currency translation reserve*	*Retained earnings*	*Sub total*	*Non-controlling interests*	*Total equity*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 January 2015	118,797,442	15,550,698	18,416,444	2,582,767	(14,538,991)	514,316	146,930	78,834	410,214	56,236,030	198,194,684	37,434,356	235,629,040
Profit for the year	-	-	-	-	-	-	-	-	-	8,533,446	8,533,446	1,793,694	10,327,140
Other comprehensive income (loss) for the year	-	-	-	-	-	-	34,063	(58,053)	4,611,751	-	4,587,761	5,895,253	10,483,014
Total comprehensive income for the year	-	-	-	-	-	-	34,063	(58,053)	4,611,751	8,533,446	13,121,207	7,688,947	20,810,154
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	(5,371,523)	(5,371,523)	-	(5,371,523)
Transfer to statutory reserve	-	-	904,059	-	-	-	-	-	-	(904,059)	-	-	-
Sale of treasury shares	-	-	-	-	60,248	(22,991)	-	-	-	-	37,257	-	37,257
Ownership change in subsidiary (Note 3)	-	-	-	-	-	-	(28,920)	-	-	-	(28,920)	28,920	-
At 31 December 2015	**118,797,442**	**15,550,698**	**19,320,503**	**2,582,767**	**(14,478,743)**	**491,325**	**152,073**	**20,781**	**5,021,965**	**58,493,894**	**205,952,705**	**45,152,223**	**251,104,928**

The attached notes 1 to 28 form part of these consolidated financial statements.

United Real Estate Company S.A.K.P. and Subsidiaries

CONSOLIDATED STATEMEN T OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2015

	Equity attributable to equity holders of the Parent Company													
	Share capital	*Share Premium*	*Statutory reserve*	*Voluntary reserve*	*Treasury shares*	*Treasury shares reserve*	*Other reserve*	*Cumulative changes in fair values*	*Foreign currency translation reserve*	*Employees' share option reserve*	*Retained earnings*	*Sub total*	*Non-controlling interests*	*Total equity*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 January 2014	118,797,442	15,550,698	17,584,786	2,582,767	(15,094,549)	773,205	146,930	34,142	(3,772,512)	56,971	57,746,975	194,406,855	24,313,669	218,720,524
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	7,876,473	7,876,473	(151,346)	7,725,127
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	44,692	4,182,726	-	-	4,227,418	(1,376,608)	2,850,810
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	44,692	4,182,726	-	7,876,473	12,103,891	(1,527,954)	10,575,937
Dividends paid	-	-	-	-	-	-	-	-	-	-	(8,555,760)	(8,555,760)	-	(8,555,760)
Transfer to statutory reserve	-	-	831,658	-	-	-	-	-	-	-	(831,658)	-	-	-
Change in fair value of employees share options reserve	-	-	-	-	-	-	-	-	-	(56,971)	-	(56,971)	-	(56,971)
Sale of treasury shares	-	-	-	-	555,558	(258,889)	-	-	-	-	-	296,669	-	296,669
Increase in share capital of a subsidiary*	-	-	-	-	-	-	-	-	-	-	-	-	14,648,641	14,648,641
At 31 December 2014	118,797,442	15,550,698	18,416,444	2,582,767	(14,538,991)	514,316	146,930	78,834	410,214	-	56,236,030	198,194,684	37,434,356	235,629,040

** During the year non-controlling interests paid its share of unpaid capital in Abdali Mall Company P.S.C.*

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	*2015* KD	*2014* KD
OPERATING ACTIVITIES			
Profit for the year		**10,327,140**	7,725,127
Adjustments for:			
Depreciation	10	**4,323,006**	4,707,991
Gain on disposal of investment properties		**(204,040)**	(2,968,175)
Valuation gain on investment properties	9	**(4,617,110)**	(2,224,983)
Gain on disposal of properties held for trading		**(190,399)**	-
Gain on partial disposal of investment in an associate	8	**(201,120)**	-
Gain on disposal of property and equipment		**(110,664)**	-
Gain on disposal of investment in subsidiary	3	**(93,559)**	-
Gain on disposal of available for sale investments	18	**(99,797)**	-
Provision for maintenance on leasehold properties		**264,000**	235,680
Write down of properties held for trading	6	**5,788**	5,405
Dividend income	18	**(66,128)**	(39,759)
Net impairment of accounts receivable and other assets	5	**100,000**	123,609
Interest income		**(426,024)**	(667,356)
Finance costs		**11,085,198**	9,886,882
Share of results of associates	8	**1,592,557**	(961,159)
Foreign exchange gain		**(677,346)**	(357,411)
		21,011,502	15,465,851
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other assets		**13,189,944**	(2,837,548)
Properties held for trading		**(6,949,955)**	(9,042,164)
Accounts payable, accruals and other payables		**(618,212)**	9,391,545
Net cash from operating activities		**26,633,279**	12,977,684
INVESTING ACTIVITIES			
Purchase of available for sale investments		**(2,220,254)**	(2,554,341)
Additions to investment in associates	8	**(3,170,103)**	-
Capital contribution in investment in an associate	8	**(7,175,524)**	(4,552,140)
Additions to lands for development	9	**(1,699,505)**	(255,754)
Additions to developed properties	9	**(2,479,846)**	(3,063,666)
Payments for properties under construction	9	**(16,413,665)**	(20,382,632)
Purchase of property and equipment	10	**(5,167,712)**	(6,489,674)
Proceed from disposal of investment in subsidiary	3	**3,648,288**	-
Proceeds from partial disposal of investment in an associate	8	**390,000**	-
Proceeds from disposal of properties held for trading		**1,133,928**	
Dividend from an associate		**734,325**	-
Dividend income received		**42,680**	39,000
Proceeds from disposal of investment properties		**2,671,200**	6,173,481
Net cash used in investing activities		**(29,706,188)**	(31,085,726)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**91,485,781**	18,606,067
Repayment of interest bearing loans and borrowings		**(60,417,296)**	(9,582,930)
Proceeds from sale of treasury shares		**37,257**	296,669
Dividend paid	22	**(5,371,523)**	(8,555,760)
Share in capital increase of a subsidiary		**28,920**	14,648,641
Finance costs paid		**(11,085,198)**	(9,886,882)
Net cash from financing activities		**14,677,941**	5,525,805
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**11,605,032**	(12,582,237)
Cash and cash equivalents at the beginning of the year		**(1,255,938)**	11,326,299
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**10,349,094**	(1,255,938)

The attached notes 1 to 28 form part of these consolidated financial statements.

UNITED REAL ESTATE COMPANY - S.A.K.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2015

1 CORPORATE INFORMATION

United Real Estate Company ("URC") S.A.K.P. (the "Parent Company") is a public shareholding company incorporated in the State of Kuwait in accordance with an Amiri Decree issued in 1973, and is listed on the Kuwait Stock Exchange. The address of the Parent Company's registered office is P.O. Box 2232 Safat, 13023 - State of Kuwait.

The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the "Ultimate Parent Company"), which is listed on the Kuwait Stock Exchange.

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue by the Board of Directors of the Parent Company on 15 February 2016, and are issued subject to the approval of the Ordinary General Assembly of the shareholders of the Parent Company. The shareholders' General Assembly has the power to amend the consolidated financial statements after issuance.

The activities of the Parent Company are carried out in accordance with the Articles of Association. The principal activities of the Parent Company are:

- Owning, selling and acquiring real estate properties and lands and developing the same to the account of the Parent Company inside the State of Kuwait and abroad; and managing properties for third parties in accordance with the provisions stipulated under the existing laws and the restrictions on construction of private housing plots in the manner stipulated under these laws.
- Owning, selling and acquiring stocks and bonds of real estate companies for the account of the Parent Company in the State of Kuwait and abroad.
- Preparing studies and providing real estate advisory services provided that certain required condition are met.
- Carry-out maintenance works of buildings and real estate properties owned by the Parent Company and others, including all civil, mechanical and electrical works, elevators and air conditioning works and other related maintenance work to ensure the safety of the buildings.
- Owning, managing, operating, investing, leasing and renting hotels, clubs, motels, entertainment houses, rest places, gardens, parks, exhibitions, restaurants, cafes, residential compounds, touristic and health spas, entertainment and sports facilities and stores at all degrees and levels, including all the original and supporting services, the related facilities and other necessary services whether inside or outside the State of Kuwait.
- Organizing real estate exhibitions related to the real estate projects of the Parent Company.
- Holding real estate bids pursuant to the regulations set forth by the Ministry.
- Owning commercial markets and residential compounds.
- Utilizing financial surpluses available for the Parent Company by investing the same in financial portfolios managed by competent companies and entities in the State of Kuwait and abroad.
- Contribution in establishment and management of real estate funds inside and outside the State of Kuwait.
- Direct contribution to development of infrastructure projects for residential, commercial and industrial areas in BOT system.

The Parent Company is allowed to conduct the above mentioned operations inside or outside the State of Kuwait by its own or as an agent for other parties.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements of the Group have been prepared on the historical cost basis, except for certain available for sale investments and investment properties that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), being the functional and presentational currency of the Parent Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

At 31 December 2015, the Group has changed its basis of presentation of statement of financial position from order of liquidity of assets and liabilities to the classification of assets and liabilities as non-current and current

for better presentation and consistent with industry practice. The change in the presentation does not affect previously reported total assets, total equity, total liabilities and profit.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Changes in accounting policies and disclosures
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of the following new and amended standards effective as of 1 January 2015:

Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. Thus, these amendments did not impact the Group's consolidated financial statements or accounting policies.

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that:
- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 25 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

Annual Improvements 2010-2012 Cycle (continued)
IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

New and revised IASB standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

IFRS 9 Financial Instruments
The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated financial statements, when adopted.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued by IASB on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the Group and does not expect any significant impact on adoption of this standard.

Annual improvements for 2012-2014 cycle which are effective from 1 January 2016 are not expected to have a material impact on the Group.

The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact from the adoption of the amendments on its financial position or performance.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries (investees which are controlled by the Parent Company) including special purpose entities. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and unrealised profits and losses and dividends are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiaries not attributable directly, or indirectly, to the shareholders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income (OCI) and consolidated statement of changes in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises, the related assets (including goodwill), liabilities, non-controlling interest and other component of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The principal subsidiaries of the Group are as follows:

Name of company	*Equity interest as at 31 December* 2015	2014	*Country of incorporation*	*Principal business*
Directly held				
United Building Company S.A.K. (Closed)	**98%**	98%	Kuwait	Real estate development
Souk Al-Muttaheda Joint Venture – Salhia	**92.17%**	92.17%	Kuwait	Real estate development
Tamleek United Real Estate Company W.L.L.	**99%**	99%	Kuwait	Real estate development
Kuwait United Construction Management Company W.L.L.	**96%**	96%	Kuwait	Facilities management
United Facilities Management Company S.A.K. (Closed)	**96.8%**	96.8%	Kuwait	Facilities management
United Facility Development Company K.S.C. (Closed)	**63.5%**	63.5%	Kuwait	Real estate development
Mena Homes Real Estate Company K.S.C. (Closed)	**77%**	77%	Kuwait	Real estate development
United Building Company Egypt, S.A.E.	**100%**	100%	Egypt	Real estate development
United Real Estate Investment Company S.A.E.	**100%**	100%	Egypt	Investment company
United Real Estate Jordan P.S.C.	**100%**	100%	Jordan	Real estate development
United Areej Housing Company W.L.L.	**100%**	100%	Jordan	Real estate development
United Real Estate Company W.L.L.	**70%**	70%	Syria	Real estate development
United Company for Investment W.L.L.	**95%**	95%	Syria	Real estate development
United Lebanese Real Estate Company S.A.L. (Holding)	**99.9%**	99.9%	Lebanon	Real estate development
Al Reef Real Estate Company S.A.O.(Closed)	**100%**	100%	Oman	Real estate development
Al Dhiyafa Holding Company K.S.C. (Closed)	**81.07%**	81.07%	Kuwait	Real estate development
Universal United Real Estate W.L.L.	**63%**	63%	Kuwait	Real estate development
United Gulf Realty International Limited	**-**	100%	British Virgin Islands	Real estate development
Greenwich Quay Limited	**100%**	100%	UK	Real estate development
Held through United Real Estate Investment Company S.A.E.				
United Ritaj for Touristic investment S.A.E. (Closed)	**100%**	100%	Egypt	Touristic development
Manazel United Real Estate Company S.A.E.	**91.49%**	81.29%	Egypt	Real estate development
Aswar United Real Estate Company S.A.E.	**100%**	100%	Egypt	Real estate development
Held through Al Dhiyafa Holding Company K.S.C. (Closed)				
Al Dhiyafa – Lebanon SAL (Holding Company)	**100%**	100%	Lebanon	Real estate development
Gulf Egypt Hotels and Tourism S.A.E.**	**85.9%**	85.9%	Egypt	Real estate development
Bhamdoun United Real Estate Company SAL *	**75%**	75%	Lebanon	Hotel management
Raouche Holding SAL *	**55%**	55%	Lebanon	Real estate development
United Lebanese Real Estate Company SAL (owned by Raouche Holding SAL)	**100%**	100%	Lebanon	Real estate development
Held through United Real Estate Jordan P.S.C.				
Abdali Mall Company P.S.C.	**60%**	60%	Jordan	Real estate development

* The Parent Company holds 45% in S.A.L. Raouche Holding SAL and 25% in Bhamdoun United Real Estate SAL through United Lebanese Real Estate Company SAL (Holding).

** The Parent Company holds directly 14.1% in Gulf Egypt Hotels and Tourism S.A.E.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non- controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non- controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value recognised either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial instruments
Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "loans and receivables" and "available for sale investments". The Group determines the appropriate classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs.

Regular way purchases or sales of financial assets are recognised using trade date accounting.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate (EIR) method, less impairment losses, if any. Amortised cost is calculated by taking into account any discount or premium arising on acquisition and fees or costs that are an integral part of the EIR method. The EIR method amortisation is included in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement.

"Bank deposits" and "accounts receivable" are classified as loans and receivables.

Available for sale investments
Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables. After initial recognition at cost including transaction costs associated with the acquisition, financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Changes in fair value of available for sale investments are reported as a separate component of other comprehensive income until the investment is derecognised or the investment is determined to be impaired, at which time, the cumulative gain or loss previously reported in other comprehensive income is included in the consolidated income statement.

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include "accounts payable", "interest bearing loans and borrowings" and "bonds".

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Interest bearing loans and borrowings
After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gain and losses are recognised in consolidated income statement when the liabilities are derecognised as well as through effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of EIR. The EIR amortisation is included as finance costs in consolidated income statement.

Bonds
Bonds are carried on the consolidated statement of financial position at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated income statement over the life of the bonds using the effective interest rate method.

Interest is charged as an expense as it accrues, with unpaid amounts included in other liabilities.

Derecognition of financial assets and financial liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and net amount is reported in the consolidated statement of financial position when the Group has currently legal enforceable legal right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrowers or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available for sale investments
For available for sale investments, the Group assess at each reporting date whether there is objective evidence that a financial asset available for sale or a group of financial assets available for sale is impaired. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the equity investment below its cost. 'Significant' is evaluated against the original cost of investment and 'prolonged' against the period in which fair value has been below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets available for sale previously recognised in the consolidated income statement is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses in equity investments are not reversed through consolidated income statement; increase in their fair value after impairment is recognised directly in other comprehensive income.

Fair values measurement
The Group measures financial instruments, such as, available for sale investment, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values measurement (continued)
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. An analysis of fair values of financial instruments and and non-financial assets and further details as to how they are measured are provided in Note 26 and Note 9 respectively.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and cash equivalents
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Properties held for trading
Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost and net realisable value.

Cost includes free hold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognised in consolidated income statement on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading are charged to other operating expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'impairment of investment in associate' in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated income statement.

Investment properties
Investment property comprises of developed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as an investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value that is determined based on valuation performed by accredited independent valuators periodically using valuation methods consistent with the nature and usage of investment properties. Gains or losses arising from changes in the fair values are included in the consolidated income statement in the year in which they arise. For the purposes of these consolidated financial statements the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder included in the consolidated statement of financial position as a finance lease obligation.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets to their residual values as follows:

Building	20 - 50 years
Tools and equipment	3 to 5 years
Computer hardware and software	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	4 to 5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated income statement.

End of service indemnity
The Group provides end of service benefits to its employees. Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. The expected costs of these benefits are accrued over the period of employment. These liabilities which are unfunded represents the amount payable to each employee as a result of involuntary termination on the reporting date.

With respect to its national employees, the Parent Company makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Parent Company's obligations are limited to these contributions, which are expensed when due.

Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged a contra account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity (the "treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other reserve
Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognised:

- Rental income from operating leases recognised except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.
- Hospitality income is recognised when rooms are occupied and services have been rendered.
- A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.
- Interest income is recognised as it accrues using the EIR.
- Dividend income is recognised when the right to receive payment is established.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefit is probable.

Taxation
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
The Parent Company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)
The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat
Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)
Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

Segment information
A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance and the reporting is consistent with the internal reports provided to the chief operation decision maker. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Foreign currency
The consolidated financial statements are presented in Kuwaiti Dinars which is also the functional of the Parent Company. Each entity in the Group determines its own functional currency and items included in financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kuwaiti Dinars at rates of exchange prevailing on that date. Any resultant gains or losses are recognised in the consolidated income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined. In case of non-monetary assets whose change in fair values are recognised directly in other comprehensive income, foreign exchange differences are recognised directly in other comprehensive income and for non-monetary assets whose change in fair values are recognised in the consolidated income statement.

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign operations are translated to Kuwaiti Dinars at the exchange rates prevailing at the reporting date. Operating results of such operations are translated at average rates of exchange for the foreign operation's period of operations. The resulting exchange differences are accumulated in a separate component of other comprehensive income (the foreign currency translation reserve) until the disposal of the foreign operation. On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Group as a lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of property
The Group determines whether a property is classified as investment property or property held for trading:

- Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Properties held for trading comprise property that is held for sale in the ordinary course of business.

Operating Lease Commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases, which requires considerable judgement.

Impairment of investments
The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

The Group based its assumptions and estimation parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however may change due to market changes or circumstances. Such changes are reflected in the assumptions when they occur.

Estimation of net realisable value for properties held for trading
Properties held for trading is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)
Valuation of investment properties
Fair value of investment properties have been assessed by independent real estate appraisers. Two main methods were used to determine the fair value of property interests in investment properties; (a) Discounted cash flow analysis and (b) Property market value method as follows:

(a) Discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Property market value method is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2011 and, to a lesser extent, into 2012. Therefore, in arriving at their estimates of market values as at 31 December 2014 and 31 December 2015, valuers used their market knowledge and professional judgment and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would exist in a more active market.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

The significant methods and assumptions used by valuers in estimating fair value of investment property are stated in note 9.

Techniques used for valuing investment properties
The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the property.

The Residual Method (or Hypothetical Development Approach) to estimating fair value is a combination of the Capitalisation (income) approach and a Cost approach (summation). The Residual Method is defined as: “A method of determining the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of the work, including fees and other associated expenditures, plus allowance for interest, developer’s risk and profit, is deducted from the gross value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value.”

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm’s length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less impairment.

3 MATERIAL PARTLY-OWNED SUBSIDIARIES

The Group has concluded that United Real Estate Company P.S.C. ("URC-Jordan") and Al Dhiyafa Holding Company K.S.C. (Closed) ("Al-Dhiyafa") are the only subsidiaries with non-controlling interests that are material to the Group. Financial information of subsidiaries that have material non-controlling interests are provided below:

Accumulated balances of material non-controlling interests:

	2015	*2014*
	KD	*KD*
URC-Jordan	**26,856,103**	22,943,332
Al-Dhiyafa	**9,010,190**	10,675,455

Loss allocated to material non-controlling interests:

	2015	*2014*
	KD	*KD*
URC-Jordan	**(170,667)**	(178,224)
Al-Dhiyafa	**(136,480)**	(3,779)

The summarised financial information of these subsidiaries is provided below.

Summarised income statement for the year ended 31 December:

	2015		*2014*	
	URC-Jordan	**Al-Dhiyafa**	URC-Jordan	Al-Dhiyafa
	KD	***KD***	*KD*	*KD*
Income	**36,868**	**17,386,586**	315,621	18,084,435
Expenses	**(3,415,060)**	**(16,790,749)**	(1,161,882)	(18,662,702)
Net income (loss) for the year	**(3,378,192)**	**595,837**	(846,261)	(578,267)
Attributable to non-controlling interests	**(170,667)**	**(136,480)**	(178,224)	(3,779)

Summarised statement of financial position as at 31 December:

	2015		*2014*	
	URC-Jordan	**Al-Dhiyafa**	URC-Jordan	Al-Dhiyafa
	KD	***KD***	*KD*	*KD*
Total assets	**130,416,968**	**113,032,107**	108,754,225	111,349,011
Total liabilities	**(19,313,041)**	**(52,936,764)**	(8,812,107)	(53,099,808)
Total equity	**111,103,927**	**60,095,343**	99,942,118	58,249,203
Attributable to:				
Equity holders of the Parent Company	**84,247,824**	**51,085,153**	76,998,786	47,573,748
Non-controlling interests	**26,856,103**	**9,010,190**	22,943,332	10,675,455

3 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised cash flow information for year ended 31 December:

	2015		*2014*	
	URC-Jordan	**Al-Dhiyafa**	URC-Jordan	Al-Dhiyafa
	KD	***KD***	*KD*	*KD*
Operating	**1,627,989**	**4,705,820**	(378,138)	(753,442)
Investing	**(21,076,047)**	**(975,538)**	(18,300,770)	(444,402)
Financing	**18,415,403**	**(2,959,440)**	20,036,695	3,090,447
Net (decrease) increase in cash and cash equivalents	**(1,032,655)**	**770,842**	1,357,787	1,892,603

During the year:

- The Group has disposed its investment in a wholly owned subsidiary “United Gulf Realty International Limited” to a related party for a consideration of KD 3,648,288 (Note 23). The Group has recognised a gain of KD 93,559 (Note 23) in the consolidated income statement.
- The Group contributed to increase in share capital of its subsidiary Manazel United Real Estate Company S.A.E. (Held through United Real Estate Investment Company S.A.E), resulting into increase in its ownership interest to 91.49% . The increase in ownership results into gain of KD 28,920 recorded in ‘other reserve’.

4 CASH AND SHORT TERM DEPOSITS

	2015	*2014*
	KD	*KD*
Cash at banks and on hand	**14,466,408**	10,972,771
Short term deposits	**1,584,661**	2,054,361
Cash, bank balances and short term deposits	**16,051,069**	13,027,132
Less: Bank overdraft (Note 12)	**(5,701,975)**	(14,283,070)
Cash and cash equivalents for the purpose of statement of cash flows	**10,349,094**	(1,255,938)

Short term deposits are made for varying periods ranging from one day and three months, and earn interest at the respective short term deposit rates.

Cash and short term deposits amounting to KD 6,199,894 (2014: KD 88,685) are placed with related parties (Note 23).

5 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS

	2015	*2014*
	KD	*KD*
Accrued rental and hospitality income	**645,006**	1,088,663
Due from related parties (Note 23)	**4,362,014**	4,678,920
Prepayments	**726,256**	960,642
Other receivables	**16,191,939**	18,192,816
	21,925,215	24,921,041
Provision for impairment	**(2,051,855)**	(1,951,855)
	19,873,360	22,969,186

As at 31 December 2015, accrued rental income and other receivables at a nominal value of KD 2,051,855 (2014: KD 1,951,855) were impaired and fully provided for.

5 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS (continued)

Movement in the provision for impairment of receivables was as follows:

	2015	*2014*
	KD	*KD*
As at 1 January	**1,951,855**	1,828,246
Provided during the year	**100,000**	123,609
As at 31 December	**2,051,855**	1,951,855

6 PROPERTIES HELD FOR TRADING

	2015	*2014*
	KD	*KD*
As at 1 January	**58,849,241**	49,817,762
Addition during the year	**6,955,743**	13,145,862
Disposals	**(943,529)**	(4,106,092)
Write down	**(5,788)**	(5,405)
Foreign exchange difference	**-**	(2,886)
As at 31 December	**64,855,667**	58,849,241

The total capitalised finance costs included in the carrying value of properties held for trading (under construction) is KD 3,074,592 (2014: KD 2,596,428)

7 AVAILABLE FOR SALE INVESTMENTS

	2015	*2014*
	KD	*KD*
Quoted equity shares	**484,906**	416,511
Unquoted equity shares	**10,675,521**	10,413,078
Unquoted debt securities	**7,387,261**	4,940,849
	18,547,688	15,770,438

Unquoted equity shares amounting to KD 7,178,164 (2014: KD 7,048,767) and unquoted debt securities are carried at cost, less impairment, if any, due to the non-availability of reliable measures of their fair values. Management has performed a review of its available for sale investments to assess whether impairment has occurred in the value of these investments and has not recorded any impairment loss in the consolidated income statement for the years ended 31 December 2015 and 31 December 2014. Based on the latest available financial information, management is of the view that no impairment loss is required as at 31 December 2015 in respect of equity investments.

Investments with aggregate carrying amounts of KD 17,049,283 (2014: KD 11,962,657) represent investments in related parties (Note 23). Investments with aggregate carrying amounts of KD 1,495,404 (2014: KD 1,422,891), are managed by a related party (Note 23).

8 INVESTMENT IN ASSOCIATES

Name of company	*Country of Incorporation*	*Equity interest*		*Carrying value*	
		2015	*2014*	***2015 KD***	*2014 KD*
Kuwait Hotels Company K.S.C.(a)	Kuwait	27.257%	27.257%	**1,643,667**	1,579,842
Dar SSH International Engineering Consultants Co. W.L.L.	Kuwait	22.5%	28.5%	**1,582,393**	1,638,918
Abdali Boulevard Company P.S.C. ("Abdali")	Jordan	40%	40%	**38,868,823**	33,926,328
Al-Fujeira Real Estate Limited	United Arab Emirates	50%	50%	**7,941,276**	7,214,898
United Towers Holding Company K.S.C. (Closed) ("UTHC")	Kuwait	35.11%	35.11%	**22,581,049**	22,121,426
Ikarus United for Marine Services Company S.A.K. (Closed)	Kuwait	20%	20%	**200,000**	100,000
Assoufid B.V.	Netherlands	49%	-	**2,583,047**	-
				75,400,255	66,581,412

(a) Quoted on Kuwait Stock Exchange, with a market value of KD 3,463,002 (2014: KD 2,801,883)

The movement in the carrying amount of investment in associates during the year is as follows:

	2015 KD	*2014 KD*
At the beginning of the year	**66,581,412**	60,345,311
Additions during the year (a)	**10,345,627**	4,552,140
Share of results	**(1,592,557)**	961,159
Foreign currencies translation adjustments	**988,978**	722,802
Disposal during the year (b)	**(188,880)**	-
Dividend received	**(734,325)**	-
At 31 December	**75,400,255**	66,581,412

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(a) The additions during the year mainly represents the followings:
- Acquisition of 49% equity interest in Assoufid B.V. (an entity incorporated in Netherlands) from a related party for a total consideration of KD 3,050,539 (Note 23); and
- Additions of KD 7,175,524 paid towards capital calls in Abdali Boulevard (31 December 2014:
- KD 4,452,140).

(b) During the year, the Group has partially disposed its equity interest in Dar SSH International Engineering Consultants Co. W.L.L. with total consideration of KD 390,000 resulting a gain of KD 201,120 recorded in its consolidated income statement.

8 INVESTMENT IN ASSOCIATES (continued)

The following table provides summarised financial information of the Group's investment in associates:

	Fujaira		Abdali Boulevard		UTHC		Others	
	2015	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*
	KD	*KD*	***KD***	*KD*	***KD***	*KD*	***KD***	*KD*
Total assets	**16,778,044**	15,252,601	**158,336,779**	138,809,238	**121,605,723**	121,700,774	**64,467,489**	26,834,333
Total liabilities	**(895,493)**	(822,804)	**(61,164,722)**	(53,993,419)	**(57,290,574)**	(58,694,719)	**(46,850,451)**	(14,995,801)
Net assets	**15,882,551**	14,429,797	**97,172,057**	84,815,819	**64,315,149**	63,006,055	**17,617,038**	11,838,532
Proportion of the Group's ownership	**50%**	50%	**40%**	40%	**35.11%**	35.11%		
Group's share in the net assets	**7,941,276**	7,214,898	**38,868,823**	33,926,328	**22,581,049**	22,121,426	**6,009,107**	3,318,760
Revenues	**2,356,887**	1,193,941	**687,100**	15,188	**5,894,610**	5,293,965	**39,302,271**	39,282,335
Profit (loss) for the year	**1,751,913**	667,889	**(7,436,906)**	(1,053,562)	**1,325,309**	445,432	**1,257,067**	3,049,872
Group's share in profit (loss) for the year	**875,957**	333,944	**(2,974,762)**	(421,425)	**465,316**	156,391	**40,932**	892,249

9 INVESTMENT PROPERTIES

	2015 **KD**	*2014* *KD*
Lands for development (a)	**63,840,361**	60,753,762
Investment properties under construction (b)	**95,223,076**	72,406,273
Developed properties (c)	**113,196,030**	124,137,830
	272,259,467	257,297,865

Valuation of lands for development, investment properties under construction and developed properties were conducted as at 31 December 2015 by independent appraisers with a recognised and relevant professional qualification and recent experience of the location and category of investment property being valued. The discounted future cash flow method or property market value method have been used for developed properties as deemed appropriate considering the nature and usage of the property. The fair value of lands for development and investment property under construction has been determined through market value method.

a) Lands for development

The movement in lands for development during the year was as follows:

	2015 **KD**	*2014* *KD*
As at 1 January	**60,753,762**	64,029,822
Additions	**1,699,505**	255,754
Disposals	**-**	(3,205,306)
Valuation gain (loss)	**1,445,734**	(439,157)
Foreign currency adjustments	**(58,640)**	112,649
As at 31 December	**63,840,361**	60,753,762

Lands for development includes a land in Sharm El Sheikh, Egypt amounting to KD 10,678,652 which is not yet registered in the name of the subsidiary (Gulf Egypt) and the subsidiary is not permitted to register it until it completes its construction project on this land.

b) Investment properties under construction

	2015 **KD**	*2014* *KD*
As at 1 January	**72,406,273**	52,019,464
Capital expenditure	**16,413,665**	20,382,632
Valuation gain	**6,403,138**	4,177
As at 31 December	**95,223,076**	72,406,273

9 INVESTMENT PROPERTIES (continued)

c) Developed properties

	2015	*2014*
	KD	*KD*
Developed land and buildings:		
Developed land and buildings	**18,528,100**	27,428,700
Buildings constructed on land leased from the Government	**94,667,930**	96,709,130
	113,196,030	124,137,830

The lease periods for the plots of land leased from the Government of Kuwait and others range from 2 to 50 years.

The movement during the year was as follows:

	2015	*2014*
	KD	*KD*
As at 1 January	**124,137,830**	118,410,228
Additions	**2,479,846**	3,063,666
Disposals	**(3,599,000)**	-
Disposal on derecognition of investment in subsidiary	**(6,556,000)**	-
Valuation (loss) gain	**(3,231,762)**	2,659,963
Foreign currency adjustments	**(34,884)**	3,973
As at 31 December	**113,196,030**	124,137,830

Fair value hierarchy

The fair value measurement of investment properties has been categorised as level 3 fair value based on inputs to the valuation technique used. The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values:

2015	***Office***	***Retail outlets***	***Total***
	KD	***KD***	***KD***
Opening balance	**10,155,000**	**247,142,865**	**257,297,865**
Purchases	**-**	**20,593,016**	**20,593,016**
Disposals	**(10,155,000)**	**-**	**(10,155,000)**
Valuation gain	**-**	**4,617,110**	**4,617,110**
Foreign currency adjustments	**-**	**(93,524)**	**(93,524)**
Closing balance	**-**	**272,259,467**	**272,259,467**

2014	*Office*	*Retail outlets*	*Total*
	KD	*KD*	*KD*
Opening balance	9,412,623	225,046,891	234,459,514
Purchases	253,983	23,448,069	23,702,052
Disposals	-	(3,205,306)	(3,205,306)
Valuation gain	488,394	1,736,589	2,224,983
Foreign currency adjustments	-	116,622	116,622
Closing balance	10,155,000	247,142,865	257,297,865

9 INVESTMENT PROPERTIES (continued)

Significant assumptions used for valuation of investment properties with the same characteristics are as follows:

	Offices		*Retail outlets*	
	2015	*2014*	***2015***	*2014*
	%	*%*	***%***	*%*
Average net initial yield	**-**	9.50	**9.75**	9.75
Average reversionary yield	**-**	10.50	**11.00**	10.75
Average inflation rate	**-**	3.50	**3.00**	3.50
Long-term vacancy rate	**-**	10.00	**10.00**	10.00
Long-term growth in real rental rates	**-**	3.00	**3.00**	3.00

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

		Impact on fair value			
		2015		*2014*	
Significant unobservable inputs	***Sensitivity***	***Offices***	***Retail outlets***	*Offices*	*Retail outlets*
		KD	***KD***	*KD*	*KD*
Average net initial yield	+/- 1%	**-** **-**	**3,849,560** **(3,354,890)**	428,340 (406,240)	4,280,390 (3,890,700)
Average reversionary yield	+/- 1%	**-** **-**	**5,680,343** **(4,989,165)**	498,320 (483,050)	6,483,670 (5,289,300)
Average inflation rate	+/- 25 basis points	**-** **-**	**2,430,544** **(1,890,356)**	70,203 (68,290)	2,650,360 (2,030,480)
Long-term vacancy rate	+/- 1%	**-** **-**	**2,638,700** **(2,369,765)**	62,320 (56,205)	2,900,890 (2,620,570)
Long-term growth in real rental rates	+/- 1%	**-** **-**	**2,630,476** **(2,960,765)**	35,390 (32,250)	2,870,305 (3,204,360)

10 PROPERTY AND EQUIPMENT

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Working under progress KD*	*Total KD*
Cost:								
As at 1 January 2015	8,688,634	81,293,140	10,050,138	2,575,263	7,795,380	470,782	-	110,873,337
Additions	1,946,087	341,001	272,000	273,759	301,576	718,439	1,314,850	5,167,712
Disposal	-	-	(729,187)	-	(2,142,559)	(516,217)	-	(3,387,963)
As at 31 December 2015	10,634,721	81,634,141	9,592,951	2,849,022	5,954,397	673,004	1,314,850	112,653,086
Depreciation:								
As at 1 January 2015	-	(12,514,019)	(4,498,178)	(2,450,412)	(4,603,937)	(286,504)	-	(24,353,050)
Charge for the year	-	(1,150,340)	(1,170,112)	(294,580)	(1,579,713)	(128,261)	-	(4,323,006)
Disposal	-	-	729,187	-	2,140,934	31,973	-	2,902,094
As at 31 December 2015	-	(13,664,359)	(4,939,103)	(2,744,992)	(4,042,716)	(382,792)	-	(25,773,962)
Net carrying amount								
As at 31 December 2015	**10,634,721**	**67,969,782**	**4,653,848**	**104,030**	**1,911,681**	**290,212**	**1,314,850**	**86,879,124**

Depreciation charge amounting to KD 3,994,305 (2014: KD 4,227,521) has been allocated to cost of revenue.

10 PROPERTY AND EQUIPMENT (continued)

	Freehold land KD	*Buildings KD*	*Tools and equipment KD*	*Computer hardware and software KD*	*Furniture and fixtures KD*	*Motor vehicles KD*	*Total KD*
Cost:							
As at 1 January 2014	8,688,634	76,264,792	9,499,699	2,328,627	7,246,790	355,121	104,383,663
Additions	-	5,028,348	550,439	246,636	548,590	115,661	6,489,674
As at 31 December 2014	8,688,634	81,293,140	10,050,138	2,575,263	7,795,380	470,782	110,873,337
Depreciation:							
As at 1 January 2014	-	(9,220,042)	(4,229,677)	(2,309,489)	(3,675,387)	(210,464)	(19,645,059)
Charge for the year	-	(3,293,977)	(268,501)	(140,923)	(928,550)	(76,040)	(4,707,991)
As at 31 December 2014	-	(12,514,019)	(4,498,178)	(2,450,412)	(4,603,937)	(286,504)	(24,353,050)
Net carrying amount							
As at 31 December 2014	8,688,634	68,779,121	5,551,960	124,851	3,191,443	184,278	86,520,287

11 ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2015 ***KD***	*2014* *KD*
Rent received in advance	**4,018,244**	5,521,934
Accounts payable	**41,279,632**	45,461,637
Refundable deposits	**5,695,085**	5,637,182
Due to related parties (Note 23)	**454,687**	1,109,606
	51,447,648	57,730,359

12 INTEREST BEARING LOANS AND BORROWINGS

	2015 ***KD***	*2014* *KD*
Loans	**174,251,676**	143,248,250
Bank overdrafts	**5,701,975**	14,283,070
	179,953,651	157,531,320

The following table shows the current and non-current portion of the Group's loans obligations:

	Current portion KD	*Non-current portion KD*	***Total 2015 KD***	*Total 2014 KD*
Bank overdrafts (Note 4)	5,701,975	-	**5,701,975**	14,283,070
Short term loans	38,427,232	-	**38,427,232**	62,218,075
Term loans	11,651,969	124,172,475	**135,824,444**	81,030,175
	55,781,176	124,172,475	**179,953,651**	157,531,320

Term loans are obtained for varying periods ranging from one year to ten years, and carry interest rates ranging from 3.5% to 11.35% (2014: 4% to 8.75%).

As at 31 December 2015, the Group has short term loans and overdrafts amounting to KD 44,129,208 (31 December 2014: KD 75,784,215) which are renewable on a yearly basis.

Interest bearing loans and borrowings amounting to KD 17,140,816 (2014: KD 29,014,617) are due to related parties (Note 23).

The following table shows the current and non-current portions (analysed by currency) of the Group's loan obligations:

	Current portion KD	*Non-current portion KD*	***Total 2015 KD***	*Total 2014 KD*
US Dollars	3,875,691	44,363,227	**48,238,918**	43,996,697
Omani Riyal	733,837	8,239,323	**8,973,160**	9,489,636
British Pound	-	1,737,395	**1,737,395**	1,760,021
Kuwaiti Dinars	51,171,648	69,832,530	**121,004,178**	102,284,966
	55,781,176	124,172,475	**179,953,651**	157,531,320

12 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Included in interest bearing loans are loans amounting to KD 58,949,473 (2014: KD 55,246,354) which are obtained and availed by subsidiaries in the Group.

13 BONDS

	2015 ***KD***	*2014* *KD*
On 24 June 2013, the Parent Company issued unsecured bonds in the principal amount of KD 60,000,000 composed of bonds in two series as follows:		
• Due on 24 June 2018, carrying interest at a fixed rate of 5.75% per annum payable quarterly in arrears.	**36,450,000**	36,450,000
• Due on 24 June 2018, carrying interest at a variable rate of 3.25% over the Central Bank of Kuwait discount rate payable quarterly in arrears.	**23,550,000**	23,550,000
	60,000,000	60,000,000

14 SHARE CAPITAL AND SHARE PREMUIM

As at 31 December 2015, the Parent Company's authorised, issued and fully paid share capital consists of 1,187,974,420 shares of 100 fils each (2014: 1,187,974,420 shares of 100 fils each) which is fully paid in cash.

The share premium is not available for distribution.

15 STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and directors' remuneration has been transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the paid-up capital. The statutory reserve is not available for distribution except in certain circumstances stipulated by law.

16 VOLUNTARY RESERVE

In accordance with the Parent Company's Articles of Association, 10% of profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and directors' remuneration is to be transferred to the voluntary reserve. Such annual transfers have been discontinued by a resolution of the shareholders' Annual General Assembly upon a recommendation by the Board of Directors.

17 TREASURY SHARES

	2015	*2014*
Number of treasury shares	**113,669,873**	114,142,873
Percentage to issued shares	**9.568%**	9.61%
Market value in KD	**10,798,638**	11,414,287
Cost in KD	**14,478,743**	14,538,991
Market Value for the weighted average number of shares in KD	**10,802,341**	11,671,542

Reserves, retained earnings and share premium equivalent to the cost of treasury shares are not available for distribution throughout the period these shares are held by the Group.

18 INVESTMENT INCOME

	2015 KD	2014 KD
Dividend income	**66,128**	39,759
Gain on sale of available for sale investment	**99,797**	-
	165,925	39,759

19 GENERAL AND ADMINISTRATIVE EXPENSES

Included in the general and administration expenses are the following staff related costs:

	2015 KD	2014 KD
Wages and salaries	**3,967,175**	2,827,603
Post-employment benefits	**607,583**	803,480
	4,574,758	3,631,083

Wages, salaries and post-employment benefits amounting to KD 6,385,479 (2014: KD 4,626,115) has been allocated to cost of revenue.

20 TAXATION

	2015 KD	2014 KD
Contribution to KFAS	**100,722**	71,612
NLST	**226,015**	198,923
Zakat	**90,406**	79,569
Taxation on overseas subsidiaries		
Current tax	**21,220**	109,877
Deferred tax	**1,235,561**	1,076,417
	1,673,924	1,536,398

The tax rate applicable to the taxable overseas subsidiary companies is in the range of 10% to 20% (2014: 10% to 20%). For the purpose of determining the taxable results for the year, the accounting profit of the overseas subsidiary companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies jurisdiction.

Deferred tax relates to the following:

	2015 KD	2014 KD
Revaluation of investment properties to fair value	**(8,507,802)**	(7,331,191)
Deferred tax – relating to origination and reversal of temporary differences	**(2,865,097)**	(2,806,147)
Deferred tax liabilities	**(11,372,899)**	(10,137,338)

Reconciliation of deferred tax liabilities:

	2015 KD	2014 KD
As at 1 January	**(10,137,338)**	(9,060,921)
Expense for the year	**(1,235,561)**	(1,076,417)
As at 31 December	**(11,372,899)**	(10,137,338)

21 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the year less treasury shares.

Diluted earnings per share is calculated by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all employees stock options. The Parent Company has outstanding share options, issued under the employee stock options plan, which have a dilutive effect on earnings.

Basic earnings per share

	2015	*2014*
	KD	*KD*
Earnings:		
Profit for the year attributable to the equity holders of the Parent Company	**8,533,446**	7,876,473
	Shares	*Shares*
Number of shares outstanding:		
Weighted average number of paid up shares	**1,187,974,420**	1,187,974,420
Less: Weighted average number of treasury shares	**(113,708,857)**	(116,715,420)
Weighted average number of shares outstanding for basic earnings per share	**1,074,265,563**	1,071,259,000
Basic earnings per share attributable to equity holders of the Parent Company	**7.9 fils**	7.4 fils

Dilutive earnings per share

	2015	*2014*
	KD	*KD*
Earnings:		
Profit for the year attributable to the equity holders of the Parent Company	**8,533,446**	7,876,473
Number of shares outstanding	***Shares***	*Shares*
Weighted average number of shares outstanding for basic earnings per share	**1,074,265,563**	1,071,259,000
Effect of share options	**120,614**	593,614
Weighted average number of shares outstanding for diluted earnings per share	**1,074,386,177**	1,071,852,614
Diluted earnings per share attributable to equity holders of the Parent Company	**7.9 fils**	7.3 fils

22 DIVIDEND

During the board meeting held on 15 February 2016, the Board of Directors of the Parent Company recommended 5% cash dividends for the year ended 31 December 2015. This proposal is subject to the approval by the Shareholders' Annual General Assembly.

The shareholders' annual general assembly held on 31 March 2015 approved the audited consolidated financial statements of the Group for the year ended 31 December 2014. The shareholders' annual general assembly and the regulatory authorities approved distribution of 5% cash dividend for the year ended 31 December 2014 amounting to KD 5,371,523.

23 RELATED PARTY TRANSACTIONS

These represent transactions with the related parties, i.e. the Ultimate Parent Company, major shareholders, associates, directors and key management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Balances and transactions with related parties are as follows:

	Ultimate Parent Company KD	*Associates KD*	*Other related parties KD*	***2015 KD***	*2014 KD*
Consolidated statement of financial position					
Cash and short term deposits (Note 4)	-	-	6,199,894	**6,199,894**	88,685
Accounts receivable, prepayments and other assets (Note 5)	87,518	1,378,046	2,896,450	**4,362,014**	4,678,920
Available for sale Investments (Note 7)	-	-	17,049,283	**17,049,283**	11,962,657
Accounts payable, accruals and other payables (Note 11)	-	271,868	182,819	**454,687**	1,109,606
Interest bearing loans and borrowings (Note 12)	-	-	17,140,816	**17,140,816**	29,014,617
Consolidated income statement					
General and administrative Expenses	-	203,555	222,800	**426,355**	384,506
Finance costs	347,260	-	428,200	**775,460**	1,283,008
Rental income	-	2,400	-	**2,400**	-
Dividend income	-	-	26,981	**26,981**	-
Interest income	-	258,737	-	**258,737**	363,218
Other operating revenue	-	285,429	-	**285,429**	84,304
Contracting and services revenue	-	1,002,958	-	**1,002,958**	673,025
Gain on sale of subsidiary (Note 3)	-	-	93,559	**93,559**	-
Gain on disposal of Investment property	-	-	204,040	**204,040**	-
Gain on sale of associate Note 8)			201,120	**201,120**	-

Certain available for sale investments with carrying value of KD 1,495,404 (2014: KD 1,422,891) are managed by a related party (Note 7).

Other transactions

	Other related parties KD	***2015 KD***	*2014 KD*
Sale of subsidiary (Note 3)	3,648,288	**3,648,288**	-
Sale of investment property	3,803,040	**3,803,040**	-
Partial sale of an associate	390,000	**390,000**	-
Purchase of an associate (Note 8)	3,050,539	**3,050,539**	-

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation

	2015 KD	2014 KD
Salaries and short-term employee benefits	**414,955**	721,576
End of service benefits	**9,600**	75,278
	424,555	796,854

24 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities
At 31 December 2015 the Group had contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 9,642,240 (31 December 2014: KD 7,485,177).

Capital commitments
The Group has capital commitments in respect of the following:

- The Group has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property under construction amounting to KD 1,658,273 (31 December 2014: KD 3,697,887) and in respect of property held for trading amounting to KD 472,351 (31 December 2014: KD 11,237,701).
- Uncalled capital in investments in associate amounting to KD 4,481,497 (31 December 2014: KD 9,469,873)

Operating lease commitments – Group as a lessor
The Group has entered into commercial leases for certain investment properties in the normal course of business. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2015 KD	2014 KD
Within one year	**23,612,828**	19,725,610
After one year but not more than three years	**47,225,656**	45,954,808
	70,838,484	65,680,418

Operating lease commitments – Group as a lessee
The Group has entered into commercial leases for investment properties in the normal course of business. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2015 KD	2014 KD
Within one year	**1,481,951**	190,629
After one year but not more than three years	**2,963,901**	381,258
	4,445,852	571,887

25 SEGMENT INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss as explained in the table below.

Segment results include revenue and expenses directly attributable to a segment.

The Group has following reportable segments:

- Rental operations: consist of leasing of properties.
- Hospitality operations: consist of hospitality services provided through Marina Hotel, Fairmount Hotel, Bhamdoun Hotel and Salalah Residence.
- Property trading: consist of purchase and resale of properties.
- Contracting and services: consist of managing third party properties.
- Real estate development: consist of development of real estate properties.

The following table presents revenue and profit information regarding the Group's operating segments:

31 December 2015

	Rental operations	*Hospitality operations*	*Property trading*	*Contracting and services*	*Real estate development*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Segment revenues	25,568,915	21,584,005	1,133,928	12,257,484	-	**60,544,332**
Segment results	16,895,909	3,377,635	190,574	(693,614)	1,489,487	**21,259,991**
Unallocated expenses						**(10,932,851)**
Profit for the year						**10,327,140**
Segment assets	287,385,063	90,324,337	66,582,578	8,461,317	64,431,795	**517,185,090**
Unallocated assets						**36,694,036**
Total assets						**553,879,126**
Segment liabilities	59,438,278	24,895,447	14,029,647	5,314,024	22,745,797	**126,423,193**
Unallocated liabilities						**176,351,005**
Total liabilities						**302,774,198**
Other segmental information:						
Valuation gain on Investment properties	3,127,623	-	-	-	1,489,487	**4,617,110**
Share of results of associates	(2,100,981)	62,569	-	-	445,855	**(1,592,557)**
Investment in associates	72,174,195	1,643,667	-	-	1,582,393	**75,400,255**

25 SEGMENT INFORMATION (continued)

31 December 2014

	Rental operations *KD*	*Hospitality operations* *KD*	*Property trading* *KD*	*Contracting and services* *KD*	*Real estate development* *KD*	*Total* *KD*
Segment revenues	19,149,878	19,032,826	4,939,031	8,590,335	-	51,712,070
Segment results	12,056,935	2,175,360	827,534	(256,696)	2,533,198	17,336,331
Unallocated expenses						(9,611,204)
Profit for the year						7,725,127
Segment assets	263,297,930	90,497,972	58,912,217	6,100,981	61,341,304	480,150,404
Unallocated assets						40,877,653
Total assets						521,028,057
Segment liabilities	53,233,736	28,174,202	12,588,553	1,892,012	20,274,676	116,163,179
Unallocated liabilities						169,235,838
Total liabilities						285,399,017
Other segmental information:						
Valuation gain on Investment properties	2,659,116	-	-	-	(434,133)	2,224,983
Share of results of associates	68,910	(43,951)	-	-	936,200	961,159
Investment in associates	63,362,652	1,579,842	-	-	1,638,918	66,581,412

25 SEGMENT INFORMATION (continued)

Geographic information

Revenue

	2015 KD	*2014 KD*
Kuwait	**39,444,880**	29,364,318
Egypt	**15,381,259**	13,126,012
Lebanon	**1,285,386**	4,601,051
UAE	**24,983**	24,163
Oman	**3,933,223**	3,135,809
Bahrain	**34,544**	180,744
Jordan	**7,410**	-
Morocco	**187,175**	-
Europe	**122,959**	570,479
USA	**122,513**	709,494
	60,544,332	51,712,070

Non-current assets

	2015 KD	*2014 KD*
Kuwait	**110,928,536**	111,491,057
Egypt	**92,250,669**	91,636,937
Lebanon	**6,842,056**	6,785,487
UAE	**17,352,161**	16,406,239
Syria	**3,241,193**	3,241,192
Oman	**71,640,623**	68,968,616
Bahrain	**102,715**	3,700,331
Jordan	**135,760,959**	107,802,701
Morocco	**9,970,307**	4,940,849
Europe	**3,089,611**	2,732,889
USA	**-**	6,556,000
KSA	**1,920,200**	1,920,200
	453,099,030	426,182,498

Non-current assets for this purpose consist of available for sale investments, investment in associates, investment properties, property and equipment and goodwill.

26 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts except for available for sale investments carried at cost amounting to KD 14,565,425 as at 31 December 2015 (31 December 2014: KD 11,989,616).

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

2015	***Level: 1 KD***	***Level: 3 KD***	***Total KD***
Assets measures at fair value			
Investment properties (Note 9):	-	272,259,467	**272,259,467**
Financial assets available for sale (Note 7):			
Quoted equity shares	484,906	-	**484,906**
Unquoted equity shares	-	3,497,357	**3,497,357**
	484,906	**275,756,824**	**276,241,730**

2014	*Level: 1 KD*	*Level: 3 KD*	*Total KD*
Assets measures at fair value			
Investment properties (Note 9):	-	257,297,865	257,297,865
Financial assets available for sale (note 7):			
Quoted equity shares	416,511	-	416,511
Unquoted equity shares	-	3,364,311	3,364,311
	416,511	260,662,176	261,078,687

Unquoted equity shares are valued based on net book value method using latest available financial statements of the investee entities, where in the underlying assets are fair valued.

The impact on the consolidated statement of financial position or the consolidated statement of shareholder's equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

Movement in the level 3 financial instrument is as follows.

	2015 ***KD***	2014 *KD*
As at 1 January	**3,364,311**	713,126
Net purchases, (sales and settlements)	**91,302**	2,606,493
Gain recorded in other comprehensive income	**41,744**	44,692
As at 31 December	**3,497,357**	3,364,311

27 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

Risk management structure
The Board of Directors of the Parent Company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

27.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual counter-parties, monitors credit exposures, and continually assesses the creditworthiness of counterparties, with the result that the Group's exposure to bad debts is not significant.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group management.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and short term deposits, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of bank balances, short term deposits and accounts receivable.

Due to the nature of the Group's business, the Group does not take possession of collaterals.

27.1.1 Gross maximum exposure to credit risk

The table below shows the gross maximum exposure to credit risk across financial assets.

	2015 ***KD***	*2014* *KD*
Bank balances and short term deposits	**16,045,698**	13,005,265
Accounts receivable and other assets	**19,147,104**	22,008,544
Available for sale investments	**7,387,261**	4,940,849
	42,580,063	39,954,658

As at 31 December 2015, the maximum credit exposure to a single counterparty amounts to KD 5,167,007 (2014: KD 4,940,849).

27 RISK MANAGEMENT (continued)

27.1 Credit risk (continued)

27.1.1 Gross maximum exposure to credit risk (continued)

The financial assets of the Group are distributed over the following geographical regions:

Geographical regions	**2015 KD**	*2014 KD*
Kuwait	**26,314,418**	20,407,567
Jordan	**4,639,574**	4,444,781
Egypt	**1,625,974**	4,830,954
Lebanon	**788,151**	2,489,774
Oman	**1,236,734**	1,328,337
USA	**-**	867,200
Europe	**62,761**	39,864
UAE	**10,747**	-
Syria	**86,718**	86,718
Bahrain	**299,336**	43,223
Morocco	**7,515,648**	5,416,240
	42,580,061	39,954,658

The Group's exposure is predominately to real estate and construction sectors.

There is no concentration of credit risk with respect to real estate receivables, as the Group has a large number of tenants.

27.1.2 Credit quality of financial assets that are neither past due nor impaired

The Group neither uses internal credit grading system nor external credit grades. The Group manages credit quality by ensuring that credit is granted only to known creditworthy parites.

27.1.3 Past due but not impaired

The Group does not have any past due but not impaired financial assets as at 31 December 2015 and 31 December 2014.

27.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities.

27 RISK MANAGEMENT (continued)

27.2 Liquidity risk (continued)

31 December 2015	***Within* one year**					
	Within 1 month KD	***Within 3 months KD***	***3 to 12 months KD***	***Sub total KD***	***1 to 5 years KD***	***Total KD***
Accounts payable, accruals and other payables	**1,143,218**	**2,286,436**	**14,632,306**	**18,061,960**	**33,385,688**	**51,447,648**
Interest bearing loans and borrowings	**1,493,881**	**3,031,907**	**60,730,935**	**65,256,723**	**160,220,152**	**225,476,875**
Bonds	**-**	**847,781**	**2,543,344**	**3,391,125**	**65,086,688**	**68,477,813**
TOTAL LIABILITIES	**2,637,099**	**6,166,124**	**77,906,585**	**86,709,808**	**258,692,528**	**345,402,336**

31 December 2014	*Within* one year					
	Within 1 month KD	*Within 3 months KD*	*3 to 12 months KD*	*Sub total KD*	*1 to 5 years KD*	*Total KD*
Accounts payable, accruals and other payables	1,113,426	2,226,850	11,270,228	14,610,504	43,119,855	57,730,359
Interest bearing loans and borrowings	584,856	4,318,461	104,264,247	109,167,564	62,963,663	172,131,227
Bonds	-	831,034	2,502,234	3,333,268	68,264,677	71,597,945
TOTAL LIABILITIES	1,698,282	7,376,345	118,036,709	127,111,336	174,348,195	301,459,531

Interest bearing loans and borrowings includes an amount of short term loans and overdraft KD 44,129,208 (2014: KD 90,784,215). The balance is due within one year from the reporting date and is renewable.

27.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management’s estimate of long and short term changes in fair value.

27 RISK MANAGEMENT (continued)

27.3.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Interest rate risk is managed by the finance department of the Parent Company. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, loans and borrowings and bonds) as a result of mismatches of interest rate repricing of assets and liabilities. It is the Group's policy to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to keep a substantial portion of its borrowings at variable rates of interest.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group’s profit before directors’ remuneration and taxation, based on floating rate financial assets and financial liabilities held at 31 December 2015 and 31 December 2014. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible increase in interest rates, with all other variables held constant.

	50 basis points increase Effect on profit before directors’ remuneration and taxation	
	2015	*2014*
	KD	*KD*
US Dollars	**(241,195)**	(219,983)
Kuwaiti Dinars	**(876,836)**	(740,009)
British Pound	**(8,687)**	(8,800)
Omani Riyal	**(44,541)**	(47,448)

The effect of decrease in the basis points on the results will be symmetric to the effect in increased in the basis points.

27.3.2 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group’s quoted investments are quoted on the regional Stock Exchanges.

The effect on other comprehensive income as a result of a change in the fair value of equity instruments held as available for sale financial assets at 31 December 2015 and 31 December 2014 due to 5% increase in the following market indices with all other variables held constant is as follows:

Market indices	*Effect on equity*	
	2015	*2014*
	KD	*KD*
Kuwait	**19,110**	15,759
Others	**5,136**	5,067

The effect on the profit before directors’ remuneration and taxation represents decrease in fair value of impaired available for sale investments which will be recorded in the consolidated income statement. Sensitivity to equity price movements will be on a symmetric basis to the effect of increase in equity prices.

27 RISK MANAGEMENT (continued)

27.3 Market risk (continued)

27.3.3 Foreign currency risk

Currency risk is the risk that the value of the financial instrument on monetary items will fluctuate due to changes in the foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the Kuwaiti Dinar. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a change in currency rate by 1%, with all other variables held constant:

	Increase by 1% Effect on profit before directors' remuneration and taxation	
	2015 KD	*2014 KD*
US Dollars	**(500,272)**	(175,021)
Egyptian Pounds	**22,256**	(246,648)
EURO	**75,156**	54,162
Saudi Riyal	**-**	560
British Pound	**(16,619)**	(17,453)
Bahraini Dinar	**1,261**	(9,454)
UAE Dirham	**4,897**	5,232
Omani Riyal	**(124,856)**	(125,773)
Syrian Pound	**867**	867
Jordanian Dinar	**8,110**	(5,474)

The effect of decrease in the currency rate by 1% will be symmetric to the effect of increase in the basis.

28 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximise shareholder value and remain within the quantitative loan covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio as per the debt covenant for their loans, which is net debt divided by net equity. The Group's policy is to keep the gearing ratio below 150%. In accordance with the debt covenants of their loans, the Group includes within net debt, interest bearing loans and borrowings and bonds , less cash and short term deposits.

	2015 KD	*2014 KD*
Interest bearing loans and borrowings	**179,953,651**	157,531,320
Bonds	**60,000,000**	60,000,000
Less: Cash, bank balances and short term deposits	**(16,051,069)**	(13,027,132)
Net debt	**223,902,582**	204,504,188
Total equity	**205,952,705**	198,194,684
Gearing ratio	**108.72%**	103.18%

شركة العقارات المتحدة
United Real Estate Co

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How to obtain our 2015 Financial Statements:

Shareholders attending our General Assembly meeting will be provided with a draft printed copy of the Financial Statements for their approval. Shareholders can request a printed copy of the Financial Statements to be sent to them by courier before the advertised date of the General Assembly. Please contact URC's Marketing & Corporate Communications Department on +965 2295 3500 to arrange this.

Shareholders can request a copy of the Financial Statements to be sent to them by email seven days before the advertised date of the General Assembly. Please contact mcc@urc.com.kw to arrange this.

Shareholders can download a PDF copy of the Financial Statements seven days before the advertised date of the General Assembly from our company website - www.urc.com.kw

For further information on our 2015 Financial Statements or for extra copies of this Review, please call +965 2295 3500

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