ANNUAL REPORT 2014

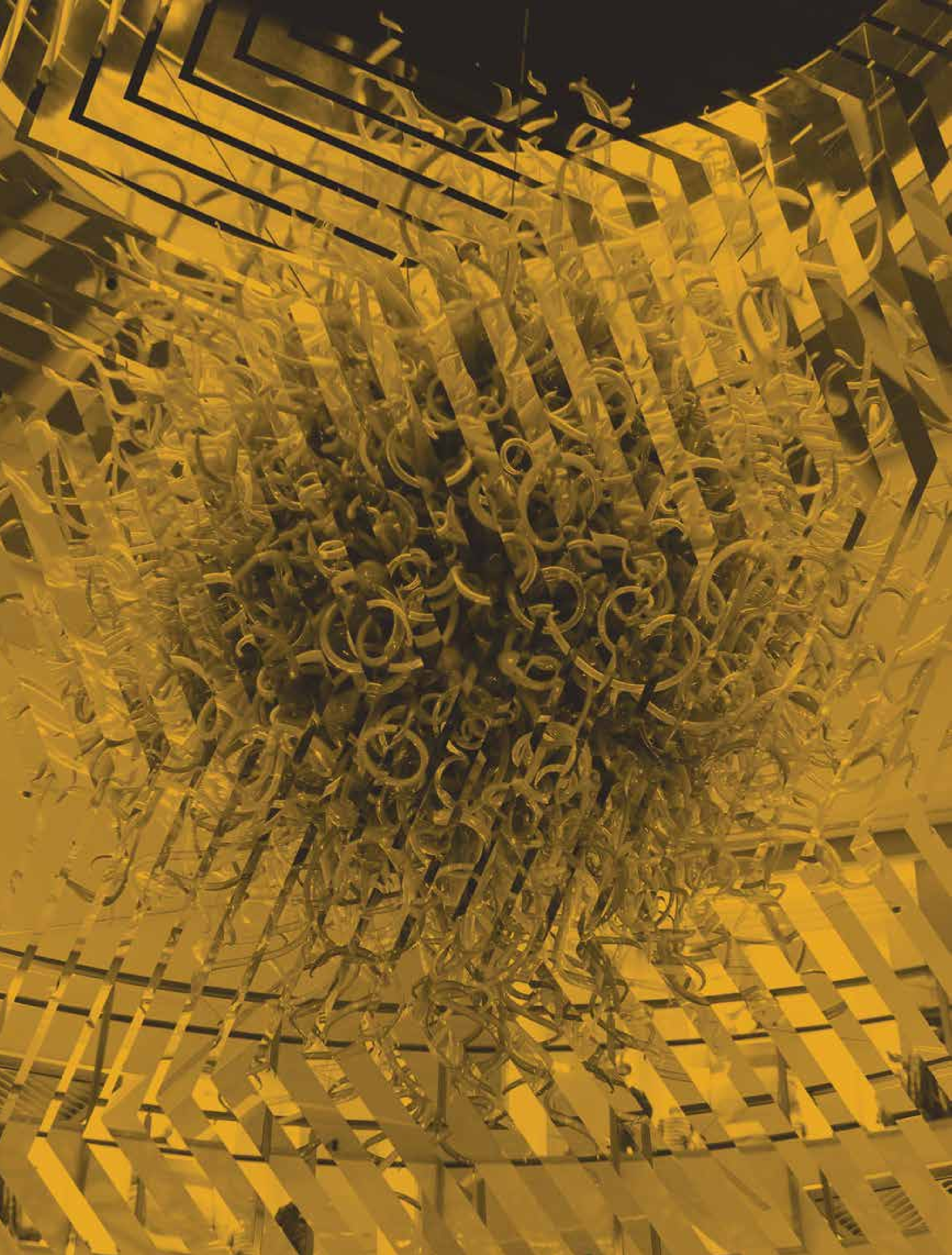
تمدين
TAMDEEN
SHOPPING CENTERS

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

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

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

H.H. Sheikh Jaber Al Mubarak Al Hamad Al Sabah
Prime minister of the State of Kuwait



CONTENTS

BOARD MEMBERS

Mohammad Jassim Al Marzouq
CHAIRMAN

Osama Abdulatif Alabd Al Jaleel
VICE CHAIRMAN

Shavak Srivastava
BOARD MEMBER

Tareq Abdulmohsin Al Julaibi
BOARD MEMBER

Mohammad Mostafa Al Marzouq
BOARD MEMBER

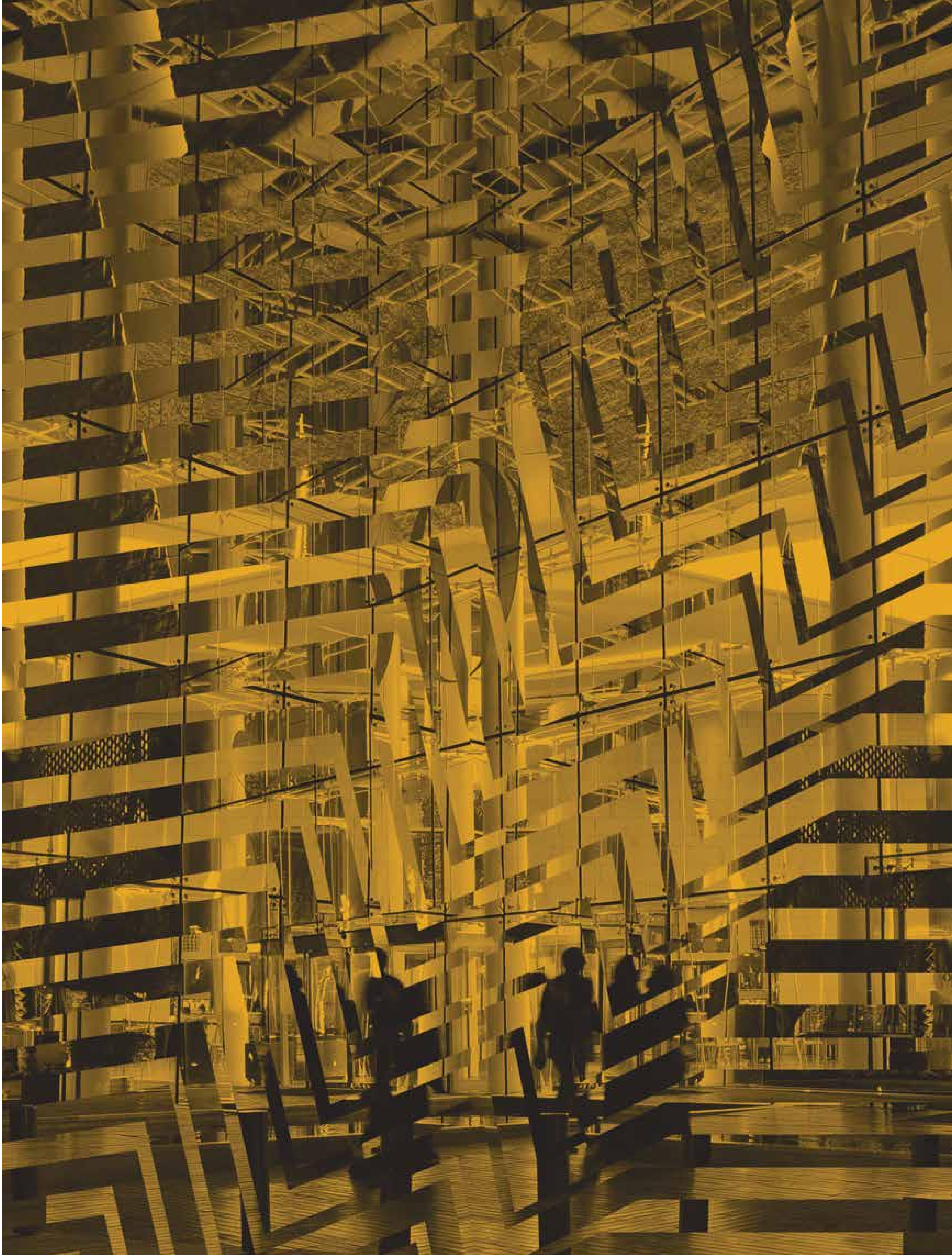
EXECUTIVE MANAGEMENT

Ahmad Abdulaziz Al Sarawi
CEO

Rachid Kazma
GM - PROJECTS

Mohammed Metwally
GM - DEVELOPMENT

Tamer Ali Ayoub
DEPUTY FINANCE MANAGER



CHAIRMAN'S LETTER

HONORABLE SHAREHOLDERS

MAY PEACE AND ALLAH'S MERCY AND BLESSINGS BE UPON YOU,

ON BEHALF OF MY COLLEAGUES, THE MEMBERS OF THE BOARD OF DIRECTORS AND ITS EXECUTIVE MANAGEMENT, I AM PLEASED TO MEET YOU TODAY AND REVIEW WITH YOU THE BOARD OF DIRECTORS ANNUAL REPORT ON THE ACHIEVEMENTS OF THE COMPANY DURING THE YEAR ENDED 31 DECEMBER 2014.

ESTEEMED SHAREHOLDERS,

The strong economic situation in the early part of 2014 had a remarkably positive effect on the Company and its revenues when oil prices were at a level of $ 100 a barrel and consumer expenditure remained high. At that time, the economists forecasted that our national economy would grow at a rate not less than 4%. However as the year drew to an end, oil prices started to falter then declined gradually and eventually dropped to below $ 50 a barrel. At this level, oil prices started to pose a clear challenge to our national economy, with severe consequences to growth and personal expenditure. The country's growth rate was at 3% for 2014 as expected by the International Monetary Fund. It is hoped that the Government will take serious and concrete steps to encourage the private sector to maintain its growth through the diversity of our national resources of income and by creating macro-economic incentives to drive economic activity by announcing and executing strategic mega projects that would trigger real development and benefit all sectors of the economy. The government needs to initiate new legislations and regulations, perhaps also to issue the executive bylaws of the Foreign Investor Law, and the Commercial Companies Law, as the first steps in a long series of urgently needed actions that have now become inevitable.

Under those circumstances, the Company steadfastly strived to achieve balanced and sustainable growth

ESTEEMED SHAREHOLDERS,

The Company's business philosophy has always rested on the principle of focusing on the ownership and management of operating assets. To this end, the Board of Directors developed the following broad lines and adopted them as a vision:

- To maximize revenues from the Company's presently owned assets.
- Selective search for new investment opportunities while focusing on operating opportunities.
- To execute and complete the Company's current projects once their feasibility has been established.
- To continue to take a cautious approach with regard to the Company's estimates and policy related to its asset management, acquisition and operation.
- Keep our financing costs within such limits and levels as it would not become a burden on the Company and its business results.

ESTEEMED SHAREHOLDERS,

In 2014, your Company witnessed a number of significant events and substantial operations which we outline as follows:

- Total assets rose during the year to KD 250,391,528 compared to

KD 236,926,827 at the end of 2013.

- Equity of the shareholders of the parent company stood at KD 139,525,967 compared to KD 132,797,128 for 2013.
- Operating revenues rose to KD 20,958,271 in 2014 from KD 19,341,936 in 2013. The company achieved an operating profit of KD 15,546,869 for the year.
- 360 Mall maintained a high visitor rate with a growth rate of approximately 2% over the previous year, thereby enhancing its prominent position in the shopping centers sector as one of the most visitor-attracting shopping centers in the country.
- Subsidiary and affiliate companies contained to post a good performance this year: Tamdeen Entertainment Company's (subsidiary) revenues rose by 10%, while the affiliate company "Three-Sixty Style – Fucom Supermarkets" registered an excellent performance. The company's share in the profits of the two companies rose to KD 275,045 this year from KD 141,714 in the previous year.
- The company's profits this year amounted to KD 8,931,924 compared to KD 8,204,549 in 2013. The share of the parent company this year amounted to KD 8,941,834.

As we usher in the New Year 2015, the Board of Directors has a remarkable agenda of visions and future tasks which is viewed by the Board of Directors as crucial for enabling the company to achieve steady and sustainable growth:

- To start building the "SAMA AL-JAHRA" project after the Company has completed the design stage and is currently in the stage of obtaining the required approvals.
- To start executing "THE EIGHT" project, as amended, after having completed the design work.
- To study the construction of a commercial mall at Sarab Al-Areen in the Kingdom of Bahrain. In this regard the company undertook numerous intensive and continuous communications with the main developer of the project in order to obtain the overall image before starting design and execution. Needless to say, the political situation in the Kingdom has cast dark shadows on the progress of this project before taking any further steps.
- To forge a strategic partnership with a group of local real estate developers to build a commercial mall and hotel at Khairan. Details of the deal will be announced once all the aspects of the deal have been finalized.
- The Company is currently in the process of developing the food court at 360 Mall in order to increase visitor choices. We plan to extend the rental area of the Mall by increasing the Mall surface. This important development will be announced once all the official formalities have been completed.

In light of the positive results achieved by the Company, the Board of Directors has recommended the following:

1. To distribute a cash dividend to the shareholders for the financial year ended 31 December 2014 at the rate of 6% of the nominal value of the shares, which is equivalent to 6 Fils per share.

2. To pay the members of the Board of Directors a remuneration of KD 50,000 for the financial year ended 31 December 2014.

These recommendations are subject to approval by the General

Assembly.

ESTEEMED SHAREHOLDERS

I would like to take this opportunity to present our expression of the deepest thanks and appreciation to His Highness the Amir, Sheikh Sabah Al-Ahmad Al-Jaber Al Sabah, to His Highness the Crown Prince, Sheikh Nawwaf Al-Ahmad Al-Jaber Al Sabah and to His Highness the Prime Minister, Sheikh Jaber Al-Mubarak Al-Hamad Al Sabah for their valuable patronage, support and care extended to the private sector and the national institutions.

I also wish to thank the honorable shareholders of the Company for their continued support and confidence.

And finally, I extend my thanks to the members of the Company's Board of Directors for their endless contribution and support. Equally, I would like to thank all the employees of the company for their fruitful efforts that have been so instrumental in enabling the Company to achieve the excellent results of 2014.

We pray to Allah Almighty to protect our dear country and to shower His blessings, security, peace, progress and good fortune to Kuwait and its people.

God is the guardian of success,,,

Peace and God's Mercy
and Blessings be upon you,

MOHAMMAD JASSIM AL MARZOUQ
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Tamdeen Shopping Centers Company - KSCC, "the Company" and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and 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 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.

AUDITOR'S 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 auditor's 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 auditor considers internal control 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 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.

Bader A. Al-Wazzan

(Licence No. 62A)

Deloitte & Touche

Al Wazzan & Co.

Kuwait, 4 March 2015

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and its 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 accounts 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 the information that is required by the Companies Law No. 25 of 2012, as amended, and its executive regulation, and by the Parent Company's Memorandum of incorporation and Articles of Association, as amended, 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 regulation or of the Parent Company's Memorandum of incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2014 that might have had a material effect on the business of the Group or on its consolidated financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2014	2013
Assets			
Non-current assets			
Property, plant and equipments	5	23,848,272	23,552,807
Investment properties	6	135,250,000	133,100,000
Investment in associates	8	28,431,783	2,667,661
Intangible assets	9	-	284,537
		187,530,055	159,605,005
Current assets			
Lands held for trading	10	38,282,351	61,221,401
Inventories		279,593	302,849
Trade and other receivables	11	1,743,742	743,978
Available for sale investments	12	13,937,702	7,580,310
Cash at bank, on hand and investment portfolios	13	8,618,085	7,473,284
		62,861,473	77,321,822
Total assets		250,391,528	236,926,827
Equity and liabilities			
Equity			
Share capital	14	100,000,000	100,000,000
Share premium	14	14,000,000	14,000,000
Statutory reserve	15	3,199,191	2,281,522
Change in fair value reserve		3,506,810	1,058,257
Foreign currency translation reserve		856,938	518,486
Retained earnings		17,963,028	14,938,863
		139,525,967	132,797,128
Non-controlling interest		6,486,227	6,260,945
Total equity		146,012,194	139,058,073
Liabilities			
Non-current liabilities			
Bank Facilities	17	80,400,000	80,850,000
Post-employment benefits	19	974,923	727,173
		81,374,923	81,577,173
Current liabilities			
Bank Facilities	17	9,646,862	2,609,910
Trade and other payables	18	13,357,549	13,681,671
		23,004,411	16,291,581
Total liabilities		104,379,334	97,868,754
Total equity and liabilities		250,391,528	236,926,827

The accompanying notes form an integral part of these consolidated financial statements

Mohammad Jassim Al Marzouq
Chairman

Osama Abdulatif Alabd Al Jaleel
Vice Chairman

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2014	2013
Revenues			
Operating revenues	20	20,958,271	19,341,936
Operating costs	21	(5,411,402)	(5,117,770)
Gross profit		15,546,869	14,224,166
Other income	22	1,492,472	985,685
General and administrative expenses	23	(3,366,474)	(3,292,254)
Other operating expense	24	(132,360)	(127,323)
Net losses from investments	25	(1,542,138)	(292,443)
Group's share from associates results	8	275,045	141,714
Net finance costs	26	(3,106,632)	(3,232,360)
Profit for the year before deductions		9,166,782	8,407,185
Board of Directors remuneration		(50,000)	(50,000)
Contribution to KFAS		(95,030)	(65,632)
Zakat		(89,828)	(87,004)
Net profit for the year		8,931,924	8,204,549
Attributable to:			
Shareholders of the Company		8,941,834	8,200,450
Non-controlling interest		(9,910)	4,099
Net profit for the year		8,931,924	8,204,549

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2014	2013
Net profit for the year		8,931,924	8,204,549
Other comprehensive income items			
Items that could be reclassified later in the income statement:			
Transferred to statement of income on sale of available for sale investments		-	26,609
Impairment of available for sale investments	25	1,917,996	549,017
Change in fair value of available for sale investments		526,338	482,806
Foreign currency translation of subsidiaries		573,644	46,733
Group's share of associate's reserves	8	4,219	(3,162)
Total other comprehensive income items		3,022,197	1,102,003
Total comprehensive income for the year		11,954,121	9,306,552
Attributable to:			
Shareholders of the Company		11,728,839	9,283,293
Non-controlling interest		225,282	23,259
		11,954,121	9,306,552

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS							Non-controlling Interest	Total
	Share capital	Share premium	Statutory reserve	Change in fair value reserve	Foreign currency translation reserve	Retained earnings	Total		
Balance as at 1 January 2013	100,000,000	14,000,000	1,441,213	2,987	490,913	12,578,722	128,513,835	6,237,686	134,751,521
Net profit for the year	-	-	-	-	-	8,200,450	8,200,450	4,099	8,204,549
Other comprehensive income items	-	-	-	1,055,270	27,573	-	1,082,843	19,160	1,102,003
Transferred to statutory reserve	-	-	840,309	-	-	(840,309)	-	-	-
Dividends (Note 16)	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as 31 December 2013	100,000,000	14,000,000	2,281,522	1,058,257	518,486	14,938,863	132,797,128	6,260,945	139,058,073
Balance as at 1 January 2014	100,000,000	14,000,000	2,281,522	1,058,257	518,486	14,938,863	132,797,128	6,260,945	139,058,073
Net profit for the year	-	-	-	-	-	8,941,834	8,941,834	(9,910)	8,931,924
Other comprehensive income items	-	-	-	2,448,553	338,452	-	2,787,005	235,192	3,022,197
Transferred to statutory reserve	-	-	917,669	-	-	(917,669)	-	-	-
Dividends (Note 16)	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as at 31 December 2014	100,000,000	14,000,000	3,199,191	3,506,810	856,938	17,963,028	139,525,967	6,486,227	146,012,194

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

(ALL AMOUNTS ARE IN KUWAITI DINAR)

	NOTE	2014	2013
Cash Flows from operating activities			
Net profit for the year		8,931,924	8,204,549
Adjustments for:			
Depreciation	5,9	1,107,190	930,079
Change the fair value of investments properties	6	(1,451,089)	(1,145,427)
Provisions & Impairment in value	24	-	99,619
Losses on disposal of property, plant and equipment's		132,360	27,704
Gain on sale of lands		(25,636)	-
Net Loss from available for sale investments	25	1,542,138	292,443
Group's share from associates results	8	(275,045)	(141,714)
Net Finance costs	26	3,106,632	3,232,360
Post-employment benefits		247,750	167,025
Operating profit before changes in working capital		13,316,224	11,666,638
Inventories		23,256	(44,486)
Trade and other receivables		(403,652)	2,415,464
Trade and other payables		(352,104)	156,562
Net cash generated from operating activities		12,583,724	14,194,178
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment's		(1,264,192)	(166,868)
Paid for construction and development of investment properties		(668,868)	(539,539)
Paid for acquisition of land held for trading		(160,532)	(5,850)
Proceeds from sale of land held for trading		2,706,360	-
Paid for acquisition of intangible assets		-	(214,141)
Paid for acquisition of available for sale investments		(5,856,100)	(1,052,695)
Proceeds from sale of available for sale investments		-	515,107
Paid for acquisition of an associate		(5,066,000)	(1,240,000)
Cash dividends received		375,858	282,807
Net cash used in investing activities		(9,933,474)	(2,421,179)
Cash flows from financing activities			
Net paid from finance costs		(3,069,680)	(3,652,923)
Net utilized / (paid) from Bank Facilities		6,550,000	(100,000)
Cash dividends paid		(4,985,769)	(4,930,800)
Net cash used in financing activities		(1,505,449)	(8,683,723)
Net increase in cash and cash equivalents		1,144,801	3,089,276
Cash and cash equivalents at the beginning of the year		7,073,284	3,984,008
Cash and cash equivalents at the end of the year	13	8,218,085	7,073,284

The accompanying notes form an integral part of these consolidated financial statements.

1- COMPANY'S OVERVIEW

TAMDEEN SHOPPING CENTERS (K.S.C.C) "THE COMPANY" WAS INCORPORATED ON 1 MARCH 2005 ACCORDING TO ESTABLISHMENT CONTRACT REGISTERED BY NO. 1148/C/PART (1). THE COMPANY IS LOCATED IN
AL - ZAHRAA – 360 MALL – 4TH FLOOR – OFFICE 5 - P.O. BOX 29060 – SAFAT – 13151 KUWAIT.

THE OBJECTIVES OF THE COMPANY ARE:

1. Owning, sale and purchase of lands and properties and development thereof for the Company inside and outside Kuwait, and carrying out maintenance and management of third parties' properties.
2. Owning, sale and purchase of shares and bonds in real estate companies for the Company's account only inside and outside Kuwait, and establish and manage real estate funds (subject to approval of Central Bank of Kuwait).
3. Conducting studies and providing any advisory services in the real estate sector, provided that the conditions applicable to the service provider should be met.
4. Owning, managing and operating hotels, Health clubs and touristic facilities, and renting in and renting out thereof.
5. Owning and managing the commercial markets and residential complexes.
6. Utilization of the surplus funds by investing these funds in portfolios managed by specialized entities.
7. Direct participating in setting up the infrastructures of BOT based residential, commercial and industrial areas and projects and real estate facility management.

The Company may have interest, or participate with entities that carry out similar activities or these that can assist the Company in achieving its objectives inside Kuwait and abroad and it may establish, incorporate, acquire or affiliate these entities.

These consolidated financial statements include the financial statements of the Company and its subsidiaries (Note 7) (together referred to as "the Group").

The financial statements were authorized for issue by the Board of Directors on 4 March 2015.

2- BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below.

2.2 New and revised standards

New and revised IFRSs issued and became effective

During the current year, the Group has applied a number of new and revised IFRSs that are issued and effective for accounting periods beginning on or after 1 January 2014.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 27 INVESTMENT ENTITIES

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The application of the amendments has had no impact on the disclosures or the amounts recognized in the Group's consolidated financial statements.

AMENDMENTS TO IAS 32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

AMENDMENTS TO IAS 36 RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective.

THE GROUP HAS NOT APPLIED THE FOLLOWING NEW AND REVISED IFRS THAT HAVE BEEN ISSUED AND NOT YET EFFECTIVE

For annual periods beginning on or after 1 July 2014

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The Annual Improvements to IFRSs 2010-2012 Cycle:

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

The Annual Improvements to IFRSs 2011-2013 Cycle:.

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

The management of the Company does not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

For annual periods beginning on or after 1 January 2016

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The management of the Company does not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

For annual periods beginning on or after 1 January 2017

IFRS 15 Revenue from Contracts with Customers

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

For annual periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments

The management of the Company anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

The company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

BUSINESS COMBINATIONS

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INVESTMENTS IN ASSOCIATES & JOINT VENTURES

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.3.2 PROPERTY, PLANT AND EQUIPMENTS

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets except for the land on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

2.3.3 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.3.4 INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.3.5 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3.6 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The Group has determined the classification of its financial assets as follows:

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

AVAILABLE FOR SALE (AFS)

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

IMPAIRMENT IN VALUE

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

DERECOGNITION

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

FINANCIAL LIABILITIES

Financial liabilities (including borrowings and trade and other payables) are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

DERECOGNITION

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.3.7 LANDS HELD FOR TRADING

Lands are classified at cost when acquired in order to be sold as lands held for trading. Land and real estate held for trading are stated at the lower of cost or its net realizable value.

Net realizable value is determined based on the basis of estimated sale value, less the estimated expenses necessary to complete the sale.

2.3.8 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Raw materials cost is determined on a weighted average cost basis. Net realizable value is the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.3.9 CASH AND CASH EQUIVALENT

Cash and cash equivalents represent cash on hand and at banks, cash at portfolios, and time deposits that mature within three months from the date of placement.

2.3.10 POST-EMPLOYMENT BENEFITS

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.11 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.3.12 DIVIDENDS

The dividends attributable to shareholders of the Company are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.3.13 FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated at the exchange rates to Kuwaiti Dinars prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of the financial position.

- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.3.14 REVENUE RECOGNITION

Revenue is recognized when the flow in the economic benefit is possible and the amount of the revenue can be reliably measured. The following specified recognition standards should be met before the revenue recognition.

- The gain or loss from sale of financial and real estate investments, lands and properties held for trading are recognized in the consolidated statement of income upon completion of the sale process, in which the risks and associated benefits of the sold asset's ownership have been transferred to the acquirer.
- Dividends from investments are recognized in the consolidated statement of income when the right to receive payment has been established.
- Services revenues are recognized when the services are rendered.
- Interest income from deposits is recognized on time basis.

2.3.15 OPERATING LEASE

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

2.3.16 FINANCE COSTS

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of that asset. Capitalization of finance costs is suspended during extended periods in which active development is interrupted. Capitalization of finance costs is ceased when substantially all the activities necessary to prepare the asset for its intended use are completed.

Other finance costs are recognized as expenditures in the period in which they are incurred.

3- FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. These risks are monitored and managed by the top management.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group currently does not use derivative financial instruments to manage the risks that it may be exposed to.

MARKET RISK

Market risk is the risk that an enterprise may incur financial losses due to adverse movements in market price of investments, interest and foreign currency rates.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group currently is not exposed to this risk due to concentration of monetary assets and liabilities in Kuwaiti dinar.

The foreign exchange risk arises from future expected transaction by foreign currency of financial instrument recorded and evaluated at the date of consolidated financial statement.

The Group manages its risks arising from changes in foreign currencies rates through monitoring the markets exchange rates on a daily basis.

Cash Flow and fair value interest rate risk.

Cash Flow and fair value interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rate of return. The Group is exposed to risk of fluctuation in cash flows as it holds Bank Facilities embedded with variable finance cost.

The Group is exposed to interest rate risk as it holds the following financial instruments:

- Time deposits (note 13).

- Bank Facilities (note 17).

Financial instruments issued at fixed interest rate expose the Group to fair value interest rate risk arises from changes in interest rates. Financial instruments issued at variable interest rates expose the Group to cash flow interest rate risks.

The Group study in regular basis all the income data related to the interest rate to determine the probability of changes in interest rates and the effect of such changes in the cash flow of the Group and the net profit in order to take the necessary actions in the timely manner.

Price risks

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange risk and interest rate risk).

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the financial position as available for sale.

The Group's management monitors and manages these risks through: -

- Management of the Group's investments through portfolios managed by specialized companies.
- Most of Group's investments are in listed companies' shares, otherwise there are chances of direct investment in unlisted shares for similar activities. Such investments are studied and approved by the key management.
- Management make periodic follow-up on changes in market prices.
- Investment generally in shares of companies having good financial positions that generate high operating income and cash dividends.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents and trade and other receivables & due from related parties. The Group manages this risk by placing cash with high credit rating banks.

For credit risk of trade receivables the Group transacting with customers having good reputation and strong financial positions, in addition obtaining securities deposits from tenant.

For credit risk of related parties, these parties have a good credit reputation in the market and there is a contractual terms with these parties for payment of due balances.

The management of the Group believes that the maximum exposure to credit risk as at 31 December is as follows:-

	2014	2013
Trade and other receivables (Note 11)	1,616,880	715,922
Cash at bank and investment portfolios (Note 13)	8,615,560	7,472,526

LIQUIDITY RISK

The liquidity risk is the risk that the Group becomes unable to settle its liabilities when due.

The management of liquidity risk is mainly to maintain sufficient balance of cash, highly liquid financial instruments and financial resources are made available to meet the needs of liquidity. The Group monitors the extent of liquidity in these investments on a regular basis and adjusts the components of these assets when this is necessary.

The following is the maturity analysis of the Group's liabilities as at 31 December 2014:

	1 - 3 Months	3 months - 1 year	1 - 2 years	2 – 7 years
Laibilities				
Trade payables	778,266	7,971,642	-	-
Bank Facilities	1,568,906	2,599,531	4,459,603	89,445,000

The following are the financial commitments maturity dates as at 31 December 2013:

	1 - 3 Months	3 months - 1 year	1 - 2 years	2 – 5 years
Liabilities				
Trade payables	807,450	8,535,500	-	-
Bank Facilities	1,514,750	2,573,759	4,459,603	89,945,625

3.2 CAPITAL RISK MANAGEMENT:

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents balances) and equity (comprising issued capital, reserves, retained earnings and non-controlling interests).

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014	2013
Total Bank Facilities (note 17)	90,046,862	83,459,910
Less : Cash at bank, on hand and investment portfolios (note 13)	(8,618,085)	(7,473,284)
Net debt	81,428,777	75,986,626
Total equity	146,012,194	139,058,073
Total capital	227,440,971	215,044,699
Gearing ratio %	35.80	35.34

3.3 FAIR VALUE ESTIMATION

The fair values of financial assets and liabilities are determined as follows:

Level one: Quoted prices in active markets for financial instruments.

Level two: Quoted prices included within level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly.

Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets are determined.

	Fair value as at 31 Dec. 2014	Fair value as at 31 Dec. 2013	Valuation Date	Fair Value hierarchy	Valuation Techniques and key inputs	Significant unopservable inputs	Relationship of unobservable inputs to fair value
Available for sale Investments							
Investment in local quoted shares	10,135,005	5,095,059	31/12/2014	Level 1	Quoted bid price in active market	None	None

The fair values of other financial assets and financial liabilities which are not measured at fair value on ongoing basis equal approximately their carrying values.

4- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years:

Valuation of financial instruments

As described in (note 3.3), the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. (Note 3.3) provides detailed information about the key assumptions used in the determination of the fair value of financial instruments.

The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Impairment of tangible, intangible assets and inventory

The Group reviews tangible, intangible assets and inventory on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of associates

Estimation of impairment of an associate is made when there is an indicator for this impairment. The assessment is made for the entire carrying amount of the Group's investments in associate including goodwill, Accordingly, impairment testing of goodwill is not prepared independently. Impairment and reversal of those losses are recognized in the consolidated statement of income.

Useful lives of property and equipments

The Group's management determines the estimated useful lives and related depreciation charges for its property and equipments. Management will increase the depreciation charge when the useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period, change in global and local economies which led the customers to default in payment. Impairment of receivables is recorded for receivables when there is a certainty that these other parties will not be able to pay according to the contractual agreement.

Classification of real estate

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property. On acquisition, such judgments will determine whether these properties will be measured subsequently at cost less impairment, or a cost or realizable value, whichever is lower, or at fair value, and whether changes in the fair value of such properties will be recorded in the statement of income or in the other comprehensive income.

The Group classifies property as held for trading property if acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development when acquired for the purpose of development.

The Group classifies property as investment property if acquired to generate rental income or for capital appreciation, or for undetermined future use.

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. The Group engaged independent valuation specialists to determine the fair values. The evaluators have used valuation techniques to determine the fair values. The estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5- PROPERTY, PLANT AND EQUIPMENTS

	Buildings & constructions	Games, machinery & equipments	Furniture, fixtures & computers Vehicles	Projects in progress	Total
Cost					
As at 1 January 2013	6,368,214	4,683,860	1,327,158	18,807,395	31,186,627
Foreign currency differences	-	-	-	46,136	46,136
Additions	4,091	163,153	44,593	217,600	429,437
Disposals	-	(56,809)	-	(2,809)	(59,618)
Transferred from projects in progress	-	34,326	26,655	(60,981)	-
Transferred to investment properties (note 6)	-	-	-	(49,144)	(49,144)
As at 31 December 2013	6,372,305	4,824,530	1,398,406	18,958,197	31,553,438
Foreign currency differences	-	-	-	566,694	566,694
Additions	373,713	104,958	118,031	112,449	709,151
Disposals	(18,799)	(9,075)	-	(132,360)	(160,234)
Transferred from projects in progress	6,060	63,527	19,043	(88,630)	-
As at 31 December 2014	6,733,279	4,983,940	1,535,480	19,416,350	32,669,049
Accumulated depreciation and impairment					
As at 1 January 2013	722,105	1,315,802	401,330	4,663,229	7,102,466
Depreciation for the year	278,518	487,534	164,027	-	930,079
Disposals	-	(31,914)	-	-	(31,914)
As at 31 December 2013	1,000,623	1,771,422	565,357	4,663,229	8,000,631
Depreciation for the year	286,060	378,782	157,811	-	822,653
Disposals	(2,507)	-	-	-	(2,507)
As at 31 December 2014	1,284,176	2,150,204	723,168	4,663,229	8,820,777
Net book value					
As at 31 December 2014	5,449,103	2,833,736	812,312	14,753,121	23,848,272
As at 31 December 2013	5,371,682	3,053,108	833,049	14,294,968	23,552,807
Useful lives / year	20-50	4-25	4-5		

6- INVESTMENT PROPERTIES

Balance as of 31 December is represented as follows:

	2014	2013
Balance at the beginning of the year	133,100,000	131,000,000
Transferred from property and equipments (note 5)	-	49,144
Additions	698,911	905,429
Change in fair value (Note 20)	1,451,089	1,145,427
	135,250,000	133,100,000

Part of investments properties pledged for local banks against Bank Facilities (note 17).

7- INVESTMENT IN SUBSIDIARIES

These consolidated financial statements include the financial statements of Tamdeen Shopping Centers Company - KSCC and the following subsidiaries (together referred to as "the Group").

	Country of incorporation	Activity	Ownership percentage % 2014	2013
Tamdeen Entertainment Co. K.S.C.C	Kuwait	Entertainment	99.65	99.65
GLA for property management Co. W.L.L	Kuwait	Services	98.00	98.00
Tamdeen Bahraini Real Estate Co. B.S.C.C	Bahrain	Real Estate	59.00	59.00

As indicated above, the company fully controlled most of its subsidiaries and the only significant non-controlling interest appears in Tamdeen Bahraini Company. Non-controlling interest own 41% of Tamdeen Bahraini Company shares as at 31 December 2014 & 2013.

Total assets and liabilities of Tamdeen Bahraini Company amounted to KD 15,667,667, KD 2,176 respectively as at 31 December 2014 (KD 15,147,513, KD 42,069 respectively as at 31 December 2013).

The revenues and net loss of the company's amounted to KD 477, KD 13,599 respectively for the year ended 31 December 2014 (KD 4,357, KD 6,576 respectively for the year ended 31 December 2013).

8- INVESTMENT IN ASSOCIATES

	Activity	Ownership percentage% 2014	2013	2014	2013
Tamdeen Pearl Real Estate Co. K.S.C.C	Real Estate	25.66	-	22,984,550	-
Tamdeen Real Estate Development Co. K.S.C.C	Real Estate	24.55	20	2,701,796	203,960
Al-Maysam Combined General Trading Co.W.L.L	Trade	40	40	1,597,860	1,600,702
Three Sixty Style Co. K.S.C.C	Trade	50	50	666,752	518,145
Fu-com Central Market Co. K.S.C.C	Trade	24.67	24.67	480,825	344,854
				28,431,783	2,667,661

Movements of investments in associates during the year represented in:

	2014	2013
Balance as at 1 January	2,667,661	1,289,109
Establishing, acquisition and capital increase of an associate	25,484,858	1,240,000
Group's share from associates' results	275,045	141,714
Group's share from an associate reserves	4,219	(3,162)
Balance as of 31 December	28,431,783	2,667,661

The Group shares are in un-listed associates.

During the current year, the establishment, acquistion and share capital increase of the associates include an amount of KD 22,984,858, which represents the share of the Parent Company in the share capital of Tamdeen Pearl Real Estate Co. K.S.C.C of KD 2,566,000, in addition to KD 20,418,858 being the balance selling value of certain lands held for trading that were sold to the associate. Such amount has been recorded under the "investment in associate" account (note 10).

Following are the assets, liabilities, revenues and Comprehensive income / (loss) of the associate as at 31 December:

	2014			
	Assets	Liabilities	Revenues	Comprehensive income / (loss)
Tamdeen Pearl Real Estate Co. K.S.C.C	89,565,988	-	-	(1,200)
Tamdeen Real Estate Development Co. K.S.C.C	11,011,189	3,867	-	(12,479)
Al-Maysam Combined General Trading Co. W.L.L	3,995,652	1,003	-	(7,104)
Three Sixty Style Co. K.S.C.C	2,654,186	1,320,683	4,390,386	297,213
Fu-com Central Market Co. K.S.C.C	8,785,700	6,836,500	44,049,056	526,125

	2013			
	Assets	Liabilities	Revenues	Comprehensive income / (loss)
Tamdeen Real Estate Development Co. K.S.C.C	1,038,178	18,377	-	(24,012)
Al-Maysam Combined General Trading Co. W.L.L	4,005,965	4,211	-	(4,630)
Three Sixty Style Co. K.S.C.C	2,403,038	1,366,748	3,627,900	46,542
Fu-com Central Market Co. K.S.C.C	10,543,300	9,145,242	42,376,192	493,295

9- INTANGIBLE ASSETS

Intangible assets represents the utilization right of foreign trademark.

	2014	2013
Net book value as at 1 January	284,537	-
Additions during the year	-	284,537
Amortization during the year	(284,537)	-
Net book value as at 31 December	-	284,537

10- LANDS HELD FOR TRADING

Movement of lands held for trading are as follows:

	2014	2013
Balance at the beginning of the year	61,221,401	61,215,551
Additions	160,534	5,850
Disposals	(23,099,584)	-
	38,282,351	61,221,401

Lands held for trading include land amounted to KD 4,398,930 at 31 December 2014 (KD 27,103,076: 31 December 2013) owned under primary contracts, that have been registered at the Real Estate Registration Department subsequent to the date of financial statements.

During the year, the disposals include value of sold lands to an associate at a book value of KD 22,856,558, out of which KD 2,437,700 were collected. The balance of KD 20,418,858 has been recorded under the "investment in associate" account (note 8).

11- TRADE AND OTHER RECEIVABLES

	2014	2013
Trade and notes receivables	443,187	266,722
Other receivables		
Advance payments to purchase properties and equipment	698,688	134,572
Prepaid expenses	75,950	85,818
Staff receivables	111,814	105,098
Margin of letters of guarantee	38,500	14,000
Due from related parties (note 27)	248,741	109,712
Others	297,892	199,086
	1,471,585	648,286
Provision of other receivables	(171,030)	(171,030)
	1,300,555	477,256
	1,743,742	743,978

- As at 31 December 2014, trade receivable not due amounted to KD 435,499 (KD 248,596 as at 31 December 2013).
- As at 31 December 2014, trade receivable due and not collected but not impaired amounted to KD 7,688 (KD 18,126 as at 31 December 2013).
- The movement on the provision of trade and other receivables are represented in the following:

	2014	2013
Balance at the beginning of the year	171,030	71,411
Provision formed during the year	-	99,619
Balance as at 31 December	171,030	171,030

12- AVAILABLE FOR SALE INVESTMENTS

	2014	2013
Investment in quoted shares	10,135,005	5,095,059
Investment in un-quoted shares	3,802,697	2,485,251
	13,937,702	7,580,310

- Investment in un-quoted shares was recognized at cost less impairment due to lack of an active market for such investments.
- Fair value has been determined according to the basis described at note 3.3.

13- CASH AT BANK, ON HAND AND INVESTMENT PORTFOLIOS

	2014	2013
Cash on hand	2,525	758
Banks - current accounts	8,229,244	7,242,910
Time deposits	-	229,349
Cash at investment portfolios	386,316	267
Total cash at bank, on hand and investments portfolios	8,618,085	7,473,284
(Less):		
Hold accounts against letters of guarantee	(400,000)	(400,000)
Cash and cash equivalents	8,218,085	7,073,284

14- SHARE CAPITAL / SHARE PREMIUM

SHARE CAPITAL

The issued and paid up capital amounted to KD 100,000,000 distributed over 1,000,000,000 shares at 100 fils per share as at 31 December 2014 and 2013.

SHARE PREMIUM

Share premium could be used in amortize the losses or in share capital increase.

15- STATUTORY RESERVE

In accordance with the Company's law & Company's memorandum of Association, 10% of the net profit before KFAS, National Labor Support Tax, Board of Directors' remuneration and Zakat expense for the year is required to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the statutory reserve reaches 50% of the Company's paid up capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up capital to be made in years when accumulated profits are not sufficient for the payment of such dividend.

16- DIVIDEND

- On 23 April 2014, Shareholders' Ordinary General Assembly Meeting approved the financial statements for the year ended 31 December 2013 and approved cash dividends @ 5% of the share's nominal value equivalent to 5 fils per share and also approved the Board of directors remuneration.

- On 4 March 2015, Board of directors proposed cash dividends @ 6% of the share's nominal value equivalent to 6 fils per share. This proposed is subject to the shareholder's approval in the General Assembly.

17- BANK FACILITIES

	2014	2013
Non-current	80,400,000	80,850,000
Current	9,646,862	2,609,910
	90,046,862	83,459,910
Cost rate %	3.75	3.96

- The non-current portion of Bank Facilities are due during periods ranging between 2 to 6 years.

- Bank Facilities are granted from local banks against the following guarantees:

	2014	2013
Investment properties (note 6)	116,000,000	114,000,000

18- TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	1,272,999	1,176,934
Refundable deposits	3,604,192	3,443,195
Claims provision	3,800,000	3,800,000
Staff bonuses and accrued expenses	1,726,993	1,738,384
Retention	95,089	455,309
Due to related parties (note 27)	807,006	859,159
Leave provision	285,135	265,338
Deferred rental income	943,696	895,526
Dividends payable	83,431	69,200
Others	554,150	825,990
KFAS	95,030	65,632
Zakat	89,828	87,004
	13,357,549	13,681,671

19- POST-EMPLOYMENT BENEFITS

	2014	2013
Balance as at 1 January	727,173	563,013
Charged to statement of income	269,285	190,566
Paid	(21,535)	(23,541)
Transferred to related parties	-	(2,865)
Balance as at 31 December	974,923	727,173

20- OPERATING REVENUES

	2014	2013
Real estate revenues		
Rents revenues	15,917,380	14,996,455
Gain on sale of lands	25,636	-
Change in fair value of investment properties (note 6)	1,451,089	1,145,427
	17,394,105	16,141,882
Services activities revenues	312,800	279,000
Entertainment activities revenues	3,251,366	2,921,054
	20,958,271	19,341,936

21- OPERATING COSTS

	2014	2013
Staff costs	1,721,219	1,702,085
Security and cleaning	646,214	633,498
Depreciation	923,339	640,602
Investment properties management fees	480,000	480,000
Publicity and advertisement	411,627	306,023
Maintenance fees	496,562	489,672
Electricity and water	175,141	379,145
Insurance	62,791	65,026
Rents	63,403	37,478
Others	431,106	384,241
	5,411,402	5,117,770

22- OTHER INCOME

	2014	2013
Engineering consultancy and real estate project management	857,184	602,616
Car Parking and other operating income	619,448	350,789
Other	15,840	32,280
	1,492,472	985,685

23- GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Staff costs	2,185,105	1,645,609
Professional and consultancy fees	469,779	265,609
Depreciation	183,851	289,477
Donations	56,250	63,000
Travel and accommodation expenses	28,841	14,198
Maintenance fees	21,266	22,200
Rents	76,333	21,513
Other expenses	345,049	970,648
	3,366,474	3,292,254

24- OTHER OPERATING EXPENSE

	2014	2013
Impairment of trade and other receivables	-	99,619
Losses from sale of property plant and equipment’s	132,360	27,704
	132,360	127,323

25- NET LOSSES OF INVESTMENTS

	2014	2013
Loss from sale of available for sale investments	-	(26,233)
Dividends income from available for sale investments	375,858	282,807
Impairment of available for sale investments	(1,917,996)	(549,017)
	(1,542,138)	(292,443)

26- NET FINANCE COST

	2014	2013
Finance cost on Bank Facilities	3,119,499	3,256,123
Less:		
Credit interest on deposits	(12,867)	(23,763)
Net finance cost	3,106,632	3,232,360

27- RELATED PARTIES TRANSACTIONS

In the Group's ordinary course of business, there are some transactions with related parties (who represent major shareholders, managers and companies owned or being influenced by those managers). Conditions and prices of those transactions have been approved by the Group's management. The following is the major transactions and the related balances:

	2014	2013
Transactions with related parties		
Rents	3,243,629	3,132,391
Gains from available for sale investments	109,175	47,000
Key management compensation	128,942	140,942
Acquisition of investment in an associate	2,556,000	1,240,000
Acquisition of available for sale investments	7,021,985	1,052,695
Acquisition and sale of lands held for trading	23,099,582	-

	2014	2013
Balances arising from transactions		
Due from related parties (note 11)	248,741	109,712
Cash in investment portfolio (note 13)	386,316	267
Due to related parties (note 18)	807,006	859,159
Key management benefits- long term	140,231	108,088
Key management benefits- short term	71,423	52,500

In addition to above, an investment portfolio managed by a related party on behalf of the Group. Book value of investment portfolio amounted KD 10,135,005 as at 31 December 2014 (KD 5,095,059 as at 31 December 2013)

Transactions with related parties are subject to the approval of the General Assembly of the Shareholders.

28- FUTURE COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
Estimated capital expenditure contracted for at the financial position date	2,813,695	2,844,984
Letters of guarantees commitments	400,000	400,000