

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated financial statements and
independent auditors' report
For the year ended 31 December 2015

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2015

Contents	Pages
Independent auditors' report	1-2
Statement of consolidated financial position	3
Consolidated statement of income	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8-46



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



Chartered Accountants - Financial consultants
Tel: (965) 2249 40 40 - Fax: (965) 2249 65 65
P. O. Box: 17445 Khaldiyyah - Postal Code: 72455 Kuwait
www.boubyanaudit.com office@boubyanaudit.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAR AL-THURAYA REAL ESTATE CO. K.S.C (Public) State of Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dar Al-Thuraya Real Estate Co. K.S.C. (Public) ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statement of income, statement of comprehensive income, statement of changes in equity and 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

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") 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 compliance with ethical requirements, and plan and perform the audit to obtain reasonable assurance 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAR AL-
THURAYA REAL ESTATE CO. K.S.C (PUBLIC) (CONTINUED)
STATE OF KUWAIT**

Report on the consolidated financial statements (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and of 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

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 the information 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. 1 of 2016 and Executive Regulations, and by the Parent Company's Articles and Memorandum 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. 1 of 2016 and Executive Regulations, or of the Parent Company's Articles and Memorandum of Association, as amended, have occurred during the financial year ended 31 December 2015 that might have had a material effect on the business or the consolidated financial position of the Group.



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



Yahya Abdullah Al-Fodari
Licence No. 83 – A
**Member of Kuwait Association of
Accountants and Auditors**

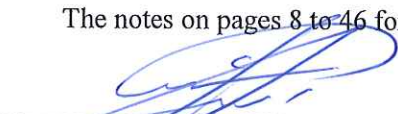
Kuwait: 30 March 2016


Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated Statement of financial position
As at 31 December 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Property, plant and equipment	8	7,041,824	7,074,037
Right of utilization	9	170,000	100,000
Investment properties	10	16,565,149	14,875,000
Due from related parties	11	324,173	111,674
Available for sale investment		5,000	-
		<u>24,106,146</u>	<u>22,160,711</u>
Current assets			
Inventories		321,164	297,973
Trade and other receivables	12	931,372	759,180
Investment at fair value through statement of income	13	1,625,262	-
Bank balances and cash	14	397,354	143,768
		<u>3,275,152</u>	<u>1,200,921</u>
Total assets		<u><u>27,381,298</u></u>	<u><u>23,361,632</u></u>
EQUITY AND LIABILITIES			
Equity			
Capital	15	14,650,000	14,650,000
Statutory reserve	16	866,845	866,845
Voluntary reserve	17	866,845	866,845
Revaluation surplus reserve		169,823	99,834
Retained earnings		813,648	1,420,370
Equity attributable to the shareholders of the Parent Company		<u>17,367,161</u>	<u>17,903,894</u>
Non-controlling interests		37,344	30,305
Total equity		<u><u>17,404,505</u></u>	<u><u>17,934,199</u></u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits	18	246,249	193,177
Due to related parties	11	9,359,466	4,970,869
		<u>9,605,715</u>	<u>5,164,046</u>
Current liabilities			
Other credit balances	19	371,078	263,387
Total liabilities		<u>9,976,793</u>	<u>5,427,433</u>
Total equity and liabilities		<u><u>27,381,298</u></u>	<u><u>23,361,632</u></u>

The notes on pages 8 to 46 form an integral part of these consolidated financial statements.


Adel Mohammed Hamoud Al Hudaib
Chairman


Ahmad Abdurazzaq Albahr
Vice Chairman

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of income
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Sales		1,174,454	542,707
Cost of sales		(644,481)	(72,413)
Gross profit		529,973	470,294
Net rental income	20	1,057,945	563,955
Realized gain on sale of investment properties		-	19,364
Unrealized losses on investment at fair value through statement of income		(256,115)	-
Realized gain on sale of investment at fair value through statement of income		17,099	-
Change in fair value of investment properties	10	(790,229)	221,945
Profits from saving accounts		438	11,529
Management fees		7,408	9,818
Foreign exchange gain		99,017	-
Other income		73,487	44,449
Net operating income		739,023	1,341,354
Bad debts	12	(35,913)	(16,485)
Provision for doubtful debts		-	(60,815)
Provision for accrued rentals		-	(60,000)
General and administrative expenses	21	(1,302,804)	(1,199,253)
(Loss)/ profit for the year before contribution for KFAS, NLST and Zakat		(599,694)	4,801
Contribution to KFAS		-	(173)
National Labor Support Tax		-	(482)
Zakat		-	(1,556)
Net (loss)/profit for the year		(599,694)	2,590
Attributable to:			
Shareholders of the Parent Company		(606,722)	17,063
Non-controlling interests		7,028	(14,473)
Net (loss)/profit for the year		(599,694)	2,590
Basic and diluted (loss)/earnings per share for the year attributable to shareholders of the Parent Company (fils)	22	(4.14)	0.12

The notes on pages 8 to 46 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	2015	2014
	KD	KD
Net (loss)/profit for the year	(599,694)	2,590
Other comprehensive income items:		
<i>Items that may be classified subsequently in the consolidated statement of income:</i>		
Foreign currency translation reserve	-	405
Revaluation surplus reserve	70,000	99,834
Total other comprehensive income	70,000	100,239
Total comprehensive (loss)/income for the year	(529,694)	102,829
Attributable to:		
Shareholders of the Parent Company	(536,733)	117,302
Non-controlling interests	7,039	(14,473)
	(529,694)	102,829

The notes on pages 8 to 46 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Capital KD	Statutory reserves KD	Voluntary reserve KD	Foreign currency translation reserve KD	Revaluation surplus reserve KD	Retained earnings KD	Equity attributable to shareholders of the Parent Company KD	Non- controlling interests KD	Total equity KD
At 1 January 2014	14,650,000	864,918	864,918	(405)	-	1,283,854	17,663,285	2,165,102	19,828,387
Net profit/(loss) for the year	-	-	-	-	-	17,063	17,063	(14,473)	2,590
Other comprehensive income	-	-	-	405	99,834	-	100,239	-	100,239
Total comprehensive income/(loss) for the year	-	-	-	405	99,834	17,063	117,302	(14,473)	102,829
Effect of acquisition of an additional share in a subsidiary	-	-	-	-	-	123,307	123,307	(323,307)	(200,000)
Effect of change in non-controlling interests	-	-	-	-	-	-	-	(1,797,017)	(1,797,017)
Transfer to reserves	-	1,927	1,927	-	-	(3,854)	-	-	-
At 31 December 2014	14,650,000	866,845	866,845	-	99,834	1,420,370	17,903,894	30,305	17,934,199
At 1 January 2015	14,650,000	866,845	866,845	-	99,834	1,420,370	17,903,894	30,305	17,934,199
Net (loss)/profit for the year	-	-	-	-	-	(606,722)	(606,722)	7,028	(599,694)
Other comprehensive income	-	-	-	-	69,989	-	69,989	11	70,000
Total comprehensive income/(loss) for the year	-	-	-	-	69,989	(606,722)	(536,733)	7,039	(529,694)
At 31 December 2015	14,650,000	866,845	866,845	-	169,823	813,648	17,367,161	37,344	17,404,505

The notes on pages 8 to 46 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of cash flows
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Operating activities			
Net (loss)/profit for the year		(599,694)	2,590
<i>Adjustment for:</i>			
Depreciation	8	186,515	93,512
Bad debts	12	35,913	16,485
Provision for doubtful debts	12	-	60,815
Provision for accrued rentals		-	60,000
Realized gain on sale of investment properties		-	(19,364)
Unrealized losses on investment at fair value through statement of income	13	256,115	-
Realized gain on sale of investment at fair value through statement of income		(17,099)	-
Change in fair value of investment properties	10	790,229	(221,945)
Profits from saving accounts		(438)	(11,529)
Foreign exchange gain		(99,017)	-
Employees' end of service benefits	18	72,524	81,946
		<u>625,048</u>	<u>62,510</u>
<i>Changes in working capital:</i>			
Due from/to related parties (net)		(1,949,591)	578,620
Inventories		(23,191)	(222,056)
Trade and other receivables		561,048	531,154
Other credit balances		106,726	(76,624)
Cash flows (used in) / generated from operations		<u>(679,960)</u>	<u>873,604</u>
Payment of employees' end of service benefits	18	(20,377)	(12,248)
Net cash flows (used in)/from operating activities		<u>(700,337)</u>	<u>861,356</u>
Investing activities			
Purchase of property, plant and equipment	8	(154,217)	(338,350)
Purchase of investment properties	10	(123,379)	(1,046,867)
Proceeds from sale of investment properties		-	214,433
Proceeds on sale of investments at fair value through statement of income		1,193,661	-
Profits from saving accounts received		438	11,529
Net cash flows generated from/(used in) investing activities		<u>916,503</u>	<u>(1,159,255)</u>
Net increase/(decrease) in bank balances and cash		<u>216,166</u>	<u>(297,899)</u>
Cash generated from acquisition of subsidiaries	7	37,420	218,559
Bank balances and cash at the beginning of the year		143,768	223,108
Bank balances and cash at the end of the year	14	<u>397,354</u>	<u>143,768</u>

The Group had the following non-cash transactions during the year, which are not reflected in the consolidated statement of cash flows.

	2015 KD	2014 KD
Transfer the net assets of subsidiaries from Al-Madar Finance and Investment Company K.P.S.C. (Note 7)	1,543,065	-
Purchase of Investments at fair value through statement of income in a swap with receivables with related parties (Note 11 & 13).	2,959,467	-

The notes on pages 8 to 46 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

1. General information

Dar Al-Thuraya Real Estate Co. K.S.C. (Public) ("the Parent Company") was incorporated on 5 September 2004 in accordance with Kuwait Companies Law.

The objectives for which the Company is established are as follows in accordance with the Islamic Shari'a:

- Acquisition, sale, purchase, development of real estates and land in favor of the company in Kuwait and abroad and third party properties management without violating provisions stipulated by applicable laws and prohibition of trading in private residential plots as stated by law.
- Acquisition, sale, purchase the shares and bonds of real estate companies in favor of the Company only in Kuwait and abroad.
- Preparing studies and providing consultancy in real estate sector in all its types provided that meeting the required terms as for who carries out this profession.
- Maintenance activities related to buildings and real estates owned by the company and other parties, including maintenance works; civil, mechanical, and electrical works; elevators and air conditioning works in a way that ensures safety of buildings.
- Organizing real estate exhibitions related to the company's real estate projects as per the Ministry's followed regulations.
- Arranging real estate auctions as per the Ministry regulations.
- Acquisition and management of commercial malls and residential complexes.
- Utilizing the financial surpluses of the company by investing them in portfolios managed by specialized companies and entities.
- Direct contribution in the infrastructure of residential, commercial and industrial areas and projects through (B.O.T) system and management of real estate facilities under the same system.

The company carries out the above activities directly in the State of Kuwait and abroad, for itself or through agency. The company may have interest or participate in entities with similar activities or that may help the company achieving its objectives inside Kuwait or abroad. The company may also establish, participate in, or purchase these entities or affiliate them.

The Parent Company's shares was listed on the Kuwait Stock Exchange on 18 August 2013.

The Company's registered office address is P.O. Box 1376, Safat 13014, State of Kuwait.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

1. General information (Continued)

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (Note 5).

The parent company is a subsidiary of Almadar Finance and Investment Company K.S.C. (Public) "Ultimate parent company" which is listed on the Kuwait Stock Exchange.

The Companies Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012. This Law shall be applicable as of 26 November 2012.

Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The consolidated financial statements of Dar Al-Thuraya Real Estate Company K.S.C. (Public) and its subsidiaries ("the Group") for the year ended 31 December 2015 were authorized for issue by the Parent Company's board of directors on 30 March 2016. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly of the shareholders.

2. Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for certain use of utilization, investment properties, investments at fair value through statement of income that are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also the functional currency of the Parent Company.

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies Law.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

4. Application of new and revised International Financial Reporting Standards (“IFRSs”)

a) New standards, interpretations and amendments effective from 1 January 2015

The accounting policies applied by the group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered. But if those contributions depend on the number of years of service, those contributions must be allocated to the periods of service using the same attribution method as used for the gross benefit.

These amendments became effective on 1 July 2014. These amendments had no impact on the Group.

Annual improvements to IFRS 2010 – 2012 Cycle:

Amendments to IFRS 2 Share-based Payment

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the definition of ‘vesting conditions’ by separately defining a ‘performance condition’ and a ‘service condition’. Those clarifications include the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

Amendments to IFRS 3 Business Combinations

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify 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 IFRS 9 (or IAS 39, as applicable).

Amendments to IFRS 8 Operating Segments

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in 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’

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

- 4. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)**
- a) New standards, interpretations and amendments effective from 1 January 2015 (continued)**

Amendments to IFRS 8 Operating Segments (continued)

- 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.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendments to these standards which are effective for annual periods beginning on or after 1 July 2014 clarify that the determination of the accumulated depreciation or amortization under the revaluation method does not depend on the selection of the valuation technique. They also clarify that the accumulated depreciation or amortization is computed as the difference between the gross and the net carrying amounts. Consequently, when the residual value, the useful life or the depreciation or amortization method has been re-estimated before a revaluation, restatement of the accumulated depreciation or amortization is not proportionate to the change in the gross carrying amount of the asset.

Amendments to IAS 24 Related Party Disclosures

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify 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.

Annual Improvements to IFRS 2011 – 2013 Cycle:

Amendments to IFRS 3 Business Combinations

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception only applies to the financial statements of the joint venture or the joint operation itself.

Amendments to IFRS 13 Fair Value Measurement

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify that the portfolio exception in IFRS 13 applies to all contracts within the scope of IFRS 9 (or IAS 39, as applicable), regardless of whether they meet the definitions of financial assets or financial liabilities.

Amendments to IAS 40 Investment Property

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarifies that IFRS 3, and not the description of ancillary services in IAS 40 (which differentiates between investment property and owner-occupied property (i.e., property, plant and equipment)), is used to determine if the transaction is the purchase of an asset or a business combination.

These improvements are effective from 1 July 2014 and did not have a material impact on the Group.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

4. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the group:

IFRS 9 - Financial Instruments

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business requiring the acquirer to apply all the principles on business combinations accounting in IFRS 3 and other IFRSs. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

IFRS 14 – Regulatory Deferral Accounts

This standard, effective for an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous accounting standards, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. Since the group is an existing IFRS preparer, this standard would not apply.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue
- IAS 11 – Construction Contracts
- IFRIC 13 – Customer Loyalty Programs

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

4. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 15 - Revenue from contracts with customers (continued)

- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 18 – Transfers of Assets from Customers.
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 1 – Disclosure Initiative

The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify some judgments used in the presentation of financial reports. The amendments make changes about:

- *Materiality*, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes*, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

These amendments are not expected to have any material impact to the Group.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments, effective prospectively for annual periods beginning on or after 1 January 2016, clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are not expected to have any material impact to the Group.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

4. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

Amendments to IAS 16 & IAS 41 – Agriculture: Bearer Plants

The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 require that bearer plants (a subset of biological assets used solely to grow produce over several periods) should be accounted for in the same way as property, plant and equipment in IAS 16 because their operation is similar to that of manufacturing, unlike all other biological assets related to agricultural activity which are measured at fair value less costs to sell. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41, and the produce growing on bearer plants will remain within the scope of IAS 41. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27 – Equity method in separate financial statements

The amendment, effective for annual periods beginning on or after 1 January 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments are not expected to have any material impact to the Group.

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception

The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 confirm that the exemption from preparing consolidated financial statements under IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. However, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose are to provide services and activities that are related to the investment activities of the investment entity parent. All other subsidiaries of an investment entity should be measured at fair value.

**Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait**

**Notes to the consolidated financial statements
For the year ended 31 December 2015**

**4. Application of new and revised International Financial Reporting Standards ("IFRSs")
(Continued)**

b) Standards and interpretations issued but not effective (continued)

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception (continued)

Consequential amendments have been made to IAS 28 to confirm that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity, even if the investment entity parent measures all its subsidiaries at fair value. IAS 28 has been also amended to permit an entity to retain the fair value measurement applied by an associate or joint venture that is an investment entity to its interests in subsidiaries rather than applying uniform accounting policies.

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities. These amendments are not expected to have any material impact to the Group.

Annual Improvements to IFRS – 2012 – 2014 Cycle:

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

Amendments to IFRS 5 – Non Current Assets Held for Sale & Discounted Operations

When an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

Amendments to IFRS 7 – Financial Instruments: Disclosures

Specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. Additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

Amendments to IAS 19 – Employee Benefits

When determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Amendment to IAS 34 – Interim Financial Reporting

What is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (including structured entities) that are subject to control of the Parent Company and its subsidiary. Control is achieved when the parent 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.

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Parent Company and by other parties
- Other contractual arrangements.
- Historic patterns in voting attendance.

The parent company reevaluates whether it has a control over the investee or not, if the events and circumstances refer to existence of changes in one of the three elements of control mentioned above. Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company losses such control over the 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 parent company gains control until the date when the parent company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are distributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income of the subsidiary is attributed to the owners of the parent 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 on consolidation. Changes in the parent company's ownership interests in subsidiaries that do not result in the parent company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the parent company'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 recognized directly in equity and attributed to owners of the parent company.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (continued)

When the parent company loses control over a subsidiary; profits and losses are recognized in the statement of profit or loss, and is accounted for by difference between (a) aggregate of the fair value of the consideration received and the fair value of any retained interests, and (b) previous carrying value of assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the parent company had directly disposed of the related assets or liabilities related to the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / allowed by relevant IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost, is the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, and the cost on initial recognition of an investment in an associate or a joint venture.

5.2 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 acquire and the fair value of the acquirer's previously held interest in the acquired (if any), the excess is recognised immediately in statement of income 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. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.2 Business combinations (continued)

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 (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in statements of other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated 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. Such expenditure is capitalized in situations where it is clearly demonstrated that it 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.

Depreciation is calculated based on estimated useful life of the applicable assets 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 estimated useful lives, residual values and depreciation methods are reviewed at the end of each financial statements period end, with the effect of any changes in estimate accounted for on prospective basis. Gains or losses on disposals are determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Right of utilization

This represents utilization of two industrial plots leased from the State properties for five years and renewable for similar periods. The Group's buildings are erected on the plots.

5.4 Intangible assets

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

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.5 Intangible assets (continued)

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Finite

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the comprehensive statement of income in the expense category consistent with the function of the intangible asset.

Indefinite

Intangible assets with indefinite useful lives are not amortized. They are tested for impairment annually, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable, otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group assessed the useful live of intangible assets, that are represented in right of utilization to be indefinite.

5.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost including related transaction costs and borrowing costs, when necessary.

Subsequent to initial recognition, investment properties are remeasured at fair value.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.6 Investment properties (continued)

The fair value of investment property reflects, among others, the rental income from current lease contracts and other assumptions made by the participants in the market when liquidating the property as per the current conditions of the market.

Subsequent costs are capitalized to carrying amount of assets only when it is probable that economic benefits associated with such costs will flow to the Group and the cost of the item can be measured reliably. All maintenance and other repair works are expensed as incurred. When replacing part of the investment property, the carrying amount of the replaced part is derecognized.

Changes in fair value are included in the consolidated statement of profit or loss. Investment properties are derecognised when disposed of.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of income.

5.7 Properties under development

Incurred costs are charged to construction or production of capital assets under projects in progress till construction or production of these assets is complete, at which time it is reclassified as plant and equipment, investment property, or trading properties. Costs include all direct costs and other costs attributable on reasonable basis.

5.8 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.9 Financial assets

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Classification, initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as "loans and receivables", "financial assets at fair value through statement of income", "investments held to maturity" and "available for sale financial assets". The classification depends on the purpose for which financial assets were acquired and it is determined at initial recognition.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the statement of income.

A "regular way" purchase of financial assets is recognised using the trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Group's financial assets include "due from related parties", "available for sale investment", "trade and other receivables", "investment at fair value through statement of income" and "cash and bank balances".

The Group didn't classify any of its financial assets as held to maturity.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available for sale financial assets (AFS)

Available for sale financial assets include equity investments. Equity investments that are classified as available for sale are not classified as investments held for trading or investments classified at fair value through statement of income.

Investments in available for sale financial assets are initially measured at cost which is the fair value of consideration given. Subsequent to initial recognition, available for sale financial assets are measured at fair value. For investments traded in organized financial markets, fair value is determined by reference to the last quoted bid price at the close of business on the consolidated statement of financial position date.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.9 Financial assets (continued)

Available for sale financial assets (AFS) (continued)

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same or is based on the expected cash flows or the underlying net asset base of the investment. Investments whose fair value cannot be reliably measured are carried at cost less any impairment loss.

Gains or losses arising from changes in fair value of available for sale financial assets are recognised in other comprehensive income and accumulated in the fair value reserve until the investment is sold, collected, or otherwise disposed of, or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognised in the fair value reserve is reclassified to the statement of income for the period in which they arise.

Dividends on AFS equity instruments are recognized in consolidated statement of income when the Group's right to receive the dividends is established.

Trade and other receivables

Trade receivables and other debit balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables and other debit balances are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment of account receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivables are impaired. The Company's accrued interest income and most of other receivables fall into this category of financial instruments.

Financial assets as fair value through profit or loss

Investments at fair value through statement of income include financial assets held for trading and financial assets designated upon initial recognition at fair value through statement of income. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets, which are classified upon initial recognition as at fair value through statement of income, are classified at its initial recognition, and this is only in case of meeting IAS 39. Financial assets are carried at fair value through statement of income in the consolidated statement of financial position at fair value, and changes in fair value are recognized in the consolidated income statement

Bank balances and cash

Bank balances and cash comprises of current accounts, savings accounts at banks and cash on hand,

5. Summary of significant accounting policies (Continued)

5.9 Financial assets (continued)

Effective return rate method

The effective return rate is a method of calculating the amortized cost of a financial asset and of allocating return over the relevant period. The effective return rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets, other than those at FVTSL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where 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 financial asset have been impacted.

For financial assets classified as available for sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For receivables and loans and advances, objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in yield or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as loans and advances and trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortized cost, the amount of the impairment 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 return rate.

For financial assets carried at amortised cost, the amount of the impairment 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. The carrying amount of the asset is reduced directly by impairment losses of financial assets.

When an AFS financial assets are considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of income in the period.

With the exception of available for sale financial asset, 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 recognition, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment does not exceed the amortised cost that would have been determined if the impairment have not been recognised at that date.

**Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait**

**Notes to the consolidated financial statements
For the year ended 31 December 2015**

5. Summary of significant accounting policies (Continued)

5.9 Financial assets (continued)

In respect of available for sale financial asset, impairment losses previously recognised through the consolidated statement of income are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

5.10 Financial liabilities

Initial Recognition and Measurement

On initial recognition, financial liabilities are classified within IAS 39 as financial liabilities at fair value through statement of income, loans or trade payables or derivatives classified as hedging instruments in an active hedging as appropriate.

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, as for loans and trade payables, less directly attributable transaction costs.

The company's financial liabilities include due to related parties and other credit balances.

Subsequent measurement

Other credit balances

Liabilities are recognised for amounts to be paid in future for goods or received services, whether billed or not. Trade and other payables are subsequently measured at amortised cost using effective return method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When 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 statement of income.

**Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait**

**Notes to the consolidated financial statements
For the year ended 31 December 2015**

5. Summary of significant accounting policies (Continued)

5.11 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.12 Inventories

Inventories are stated at the lower of cost and net realisable value after making allowance for any slow moving and obsolete items. Cost comprises the purchase price, import duties, transportation handling, and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5.13 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.14 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of the company's termination of their services at the date of the consolidated financial position.

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

5.15 Assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.15 Assets and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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

5.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease contracts 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 in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for 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 in the consolidated statement of income on a straight-line basis over the lease term.

5.17 Foreign currency translation

Functional and presentation currency

The consolidated financial statements have been presented in Kuwaiti Dinars (KD) which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.17 Foreign currency translation (continued)

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of income. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to consolidated statement of income and are recognised as part of the gain or loss on disposal.

5.18 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 the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised:

- Profits from sale of investment properties are measured by the difference between the sale proceeds and the carrying value of the investment at the date of sale, and are recognized at the date of sale.
- Revenues from sale of goods are recognised when significant risks and rewards of ownership have been transferred to the buyer. These risks and rewards are transferred to the buyer on delivery.
- Yields income is recognised on a time proportion basis using the effective interest method.
- Rental income is recognized on a straight-line basis over the term of the relevant lease, and in accordance with the nature of related agreements.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

5. Summary of significant accounting policies (Continued)

5.18 Revenue recognition (continued)

- Revenues and expenses are recognized on the bases of maturity.
- Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

5.19 Contribution to Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies/taxes imposed on the Parent Company at the flat percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial reporting purposes.

<i>Tax/statutory levy</i>	<i>Percentage</i>
Contribution to KFAS	1.0% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

5.20 National Labor Support Tax

The Group calculates NLST in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of the net profit attributable to shareholders of the parent company less allowed deductions.

6. Significant accounting judgments and estimation uncertainty

In the process of applying the Group's accounting policies, management has to use judgements and made estimates in determining the amounts recognised in the consolidated financial statements that are not readily apparent from other sources. The estimations and assumptions are based on the management's previous experiences and other relevant internal and external factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

6. Significant accounting judgments and estimation uncertainty (Continued)

Significant accounting judgments (continued)

Useful lives of tangible assets

The Group reviews the estimated useful live over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

Classification of real estate

The Group decides on acquisition of properties whether they should be classified as "trading", "property held for development" or "investment properties".

The Group classifies properties as trading properties if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies properties as investment properties if they are acquired to generate rental income or for capital appreciation, or for undetermined future use.

Classification of financial instruments

Management classifies on acquisition of any investment as financial assets at fair value through statement of profit or loss or as financial assets available for sale.

Classification of financial assets at fair value through statement of profit or loss depends on how management monitors the performance of these financial assets. The Group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of income in the management accounts, they are classified as designated at fair value through statement of profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the Group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

Impairment of financial assets available for sale

The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Key sources of estimation uncertainty

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

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

6. Significant accounting judgments and estimation uncertainty (Continued)

Key sources of estimation uncertainty (continued)

Impairment of non-financial assets

The Group reviews the value of the tangible assets 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.

Impairment of inventories

Inventories are stated at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their impairment value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not significant are assessed collectively and a provision is created according to the type of inventories and the length of time past due, based on historical selling rates.

Provision for impairment of trade and other receivables

Impairment cost reflects estimations of losses resulted from failure or inability of the concerned parties to settle the required amounts. The cost is based on the life of the party's accounts and credit worthy of the client as well as historical write off experience. Any difference between the amounts actually collected in the future period and the amount expected will be recognised in the consolidated statement of income.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provision for impairment of trade and other receivables

Impairment cost reflects estimations of losses resulted from failure or inability of the concerned parties to settle the required amounts. The cost is based on the life of the party's accounts and credit worthy of the client as well as historical write off experience. Any difference between the amounts actually collected in the future period and the amount expected will be recognised in the consolidated statement of income.

Valuation of investment properties

The Group records its investment properties at fair value where changes in the fair value are recognized in the consolidated statement of income, three basic methods are used for determining the fair value of the investment properties.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

6. Significant accounting judgments and estimation uncertainty (Continued)

Key sources of estimation uncertainty (continued)

Valuation of investment properties (continued)

- i) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.
- ii) Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.
- iii) Comparative analysis: which base on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

7. Subsidiaries

The details of subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Legal entity</u>	<u>Voting rights and equity interest</u>		<u>Activity</u>
			<u>2015</u>	<u>2014</u>	
Al-Thuraya Star Company	Kuwait	W.L.L.	99%	99%	General trading and contracting
Kuwait Mabani Real Estate Company	Kuwait	K.S.C.C.	96%	-	Real estate
Pack & Move Holding	Kuwait	K.S.C.(Holding)	99.88%	99.88%	Holding
Golden Madar Real Estate Company	Kuwait	W.L.L.	98%	-	Real estate

During the period, the ultimate parent company, Al-Madar Finance and Investment Company K.P.S.C., entered into contracts transferring its share in its subsidiary Kuwait Mabani Real Estate Company K.P.C.C. of 96% and its share in its subsidiary Golden Madar Real Estate Company W.L.L. of 98% to its subsidiary Dar Al-Thuraya Real Estate Company K.P.S.C. This transaction was resulted in balance due to a related party of KD 1,543,065 (31 December 2014: Nil).

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

7. Subsidiaries (Continued)

The carrying value of assets and liabilities transferred from Al Madar Finance and Investment Company K.P.S.C. are as follows:

	1 January 2015
	KD
Kuwait Mabani Real Estate Company K.S.C (Closed)	
Other assets	548,083
Available for sale investments	7,500
Due from related parties	83,665
Investment properties	2,356,999
Trade and other receivables	19
Bank balances	8
Due to related parties	(1,709,322)
Trade payables and other credit balances	(1,510)
	<u>1,285,442</u>
Share of Al Madar Finance and Investment Company K.P.S.C in net transferred assets	<u>1,234,024</u>
	1 January 2015
	KD
Golden Madar Real Estate Company W.L.L.	
Property and equipments	85
Trade and other receivables	221,051
Bank balances	37,412
Employees' end of service benefits	(925)
	<u>257,623</u>
Share of Al Madar Finance and Investment Company K.P.S.C in net transferred assets	<u>252,471</u>

There are assignments from minority interests shareholders related to their share in both companies transferred to Dar Al-Thuraya Real Estate Co. K.P.S.C.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

8. Property, plant and equipment

	Right of utilisation KD	Buildings KD	Containers KD	Motor vehicles KD	Furniture and fixtures KD	Office equipment KD	Work in process KD	Total KD
Cost								
At 1 January 2014	-	-	-	-	47,944	13,866	-	61,810
Additions	-	170,771	-	39,818	38,547	78,243	10,971	338,350
Effect of transfer of subsidiaries	4,948,236	2,129,299	169,853	125,110	20,007	64,670	62,444	7,519,619
At 31 December 2014	4,948,236	2,300,070	169,853	164,928	106,498	156,779	73,415	7,919,779
Additions	-	-	-	16,435	300	20,545	116,937	154,217
Disposals	-	-	-	(21,925)	-	-	-	(21,925)
Effect of transfer of subsidiaries	-	-	-	-	2,290	-	-	2,290
At 31 December 2015	4,948,236	2,300,070	169,853	159,438	109,088	177,324	190,352	8,054,361
Accumulated depreciation								
At 1 January 2014	-	-	-	-	47,504	8,992	-	56,496
Charged during the year	-	62,896	10,701	11,038	1,597	7,280	-	93,512
Effect of transfer of subsidiaries	-	496,097	72,904	63,299	18,387	45,047	-	695,734
At 31 December 2014	-	558,993	83,605	74,337	67,488	61,319	-	845,742
Charged during the year	-	117,761	18,887	24,829	1,263	23,775	-	186,515
related to disposals	-	-	-	(21,925)	-	-	-	(21,925)
Effect of transfer of subsidiaries	-	-	-	-	2,205	-	-	2,205
At 31 December 2015	-	676,754	102,492	77,241	70,956	85,094	-	1,012,537
Net book value								
At 31 December 2015	4,948,236	1,623,316	67,361	82,197	38,132	92,230	190,352	7,041,824
At 31 December 2014	4,948,236	1,741,077	86,248	90,591	39,010	95,460	73,415	7,074,037
Annual depreciation rates								
		5%	10%	20%	20%-33.33%	20%-33.33%		

Buildings are constructed on a land leased from the government of Kuwait for 5 years renewable for similar periods.

Right of utilization represents a plot in which the Group's building has been excluded and which related to the Groups subsidiary and not for administrative purposes.

The right of utilization was assessed by external values as at 31 December 2015, this is no impairment on the date of the consolidated financial statements

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

9. Right of utilization

	2015	2014
	KD	KD
At 1 January	100,000	150
Change in fair value	70,000	99,850
At 31 December	<u>170,000</u>	<u>100,000</u>

Right of utilization totaling KD 170,000 (2014: KD 100,000) comprise of what follows:

Right of utilization represents purchasing of the food security plot No. 56, block 6 at Al Abdali Agricultural Area for one of the subsidiaries. The subsidiary acquired the same under administrative license from Ministry of Finance, State Properties. As at 31 December 2015, the right of utilization was recorded at fair value based on valuation by external valuers.

Management has adopted the lowest valuation in consolidated financial statement.

10. Investment properties

	2015	2014
	KD	KD
Investment properties		
At 1 January	10,615,000	7,663,559
Additions	-	6,122,941
Disposals	-	(1,800,289)
Net effect of transfer of subsidiaries (Note 7)	2,356,999	(1,188,271)
Transferred from projects in progress	2,010,588	-
Change in fair value	(669,588)	(182,940)
At 31 December	<u>14,312,999</u>	<u>10,615,000</u>
Properties under development		
At 1 January	4,260,000	11,319,639
Additions	123,379	1,407,635
Disposals	-	(3,952,211)
Net effect of transfer of subsidiaries	-	(4,919,948)
Transfer to investment properties	(2,010,588)	-
Change in fair value	(120,641)	404,885
At 31 December	<u>2,252,150</u>	<u>4,260,000</u>
	<u>16,565,149</u>	<u>14,875,000</u>

The fair value of the Group's investment property as at 31 December 2015 has been arrived at on the basis of a valuation carried out on the respective dates by two independent valuers not related to the Group and the management has adopted the lower valuation. The fair value was determined under level 2 based on the market comparable approach that reflects recent transaction priced for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

11. Related parties transactions

Related parties comprise of the Group's major shareholders who are members of the board of directors, members of board of directors, key management personnel, and subsidiaries in which the Company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the year ended 31 December 2015. Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related party transaction are as follows:

	2015	2014
	KD	KD
Statement of consolidated financial position		
Due from related parties	324,173	111,674
Due to related parties	9,359,466	4,970,869
Related party transactions		
Purchase of investment properties	-	6,122,941
Purchased of investment at fair value through statement of income (Note 13)	2,959,467	-
Transfer of subsidiaries to Al Madar Finance and Investment Company	-	4,264,234
Transfer of a subsidiary from Al Madar Finance and Investment Company (Note 7)	1,543,065	8,123,913
Sale of investment properties	-	1,800,289
Sale of properties under development	-	3,757,142
Due rentals	6,000	-
Investment at fair value through statement of income managed by a related party (Note 13)	1,625,262	-
Consolidated statement of income:		
Senior management benefits and salaries	254,021	254,021
Rent income	43,000	36,000

Amounts due from/to related parties are interest free and are payable/receivable on demand.

12. Trade and other receivables

	2015	2014
	KD	KD
Trade receivables	482,300	334,811
Less:- Allowance for doubtful debts	(60,815)	(60,815)
	421,485	273,996
Accrued rents	459,408	441,463
Less: provision for accrued rent	(100,000)	(100,000)
	359,408	341,463
Project prepayments	30,211	-
Staff receivables	14,421	9,076
Prepaid expenses	46,962	71,370
Refundable deposits	35,965	63,275
Other receivables	22,920	-
	<u>931,372</u>	<u>759,180</u>

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

12. Trade and other receivables (Continued)

Trade receivables are interest free and are matured within 90 days in general.

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

	Total	Past due but not impaired			Over 360 days
		Less than 90 days	From 91 – 180 days	From 181 – 360 days	
2015	<u>941,708</u>	<u>298,455</u>	<u>231,593</u>	<u>157,392</u>	<u>254,268</u>
2014	<u>776,274</u>	<u>264,480</u>	<u>130,656</u>	<u>138,770</u>	<u>242,368</u>

Movement in provision for doubtful debts on 31 December was as follows:

	2015	2014
	KD	KD
At 1 January	60,815	23,495
Charged during the year	-	60,815
Write off during the year	-	(23,495)
At 31 December	<u>60,815</u>	<u>60,815</u>

In determining the recoverability of a trade receivable, the Parent Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to date of preparing the consolidated financial statements. Management believes that there is no need for further provision in excess of the allowance for doubtful debts.

During the year ended on 31 December 2015, the Group recognised bad debts of KD 35,913 (2014: KD 16,485).

13. Investment at fair value through statement of income

This item represents quoted investment in a foreign investment fund managed by a related party (Note 11).

The analysis of the movement of investments at fair value through statement of income for the year is as follows:

Investments valuation at fair value through statement of income is disclosed in (Note 26).

	2015	2014
	KD	KD
At 1 January	-	-
Additions (Note 11)	2,959,467	-
Disposals	(1,176,562)	-
Change in fair value	(256,115)	-
Foreign currency translation differences	98,472	-
At 31 December	<u>1,625,262</u>	<u>-</u>

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

14. Bank balances and cash

	<u>2015</u>	<u>2014</u>
	KD	KD
Bank balances	373,033	128,894
Cash on hand	24,321	14,874
	<u>397,354</u>	<u>143,768</u>

Bank balances are represented in unrestricted current and saving accounts.

The average annual effective return rate on saving accounts was 0.73% as at 31 December 2015 (31 December 2014: 0.93%).

15. Capital

The Parent Company's authorized, issued, and fully paid up capital is KD 14,650,000 (2014: KD 14,650,000) divided into 146,500,000 shares (2014: 14,650,000 shares), each of 100 fils. All shares are in cash.

16. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before determining contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's articles of association.

No transfer to statutory reserve was made during the year as the Group incurred losses at the date of the consolidated financial statements.

17. Voluntary reserve

In accordance the Parent Company's articles of association, 10% of the profit for the year, attributable to shareholders of the Parent Company, before KFAS contribution, NLST, Zakat, and Board of Directors' remuneration, is transferred to the voluntary reserve. Such transfers can be discontinued by a resolution of the general assembly of the shareholders upon recommendation by the board of directors. No transfer to voluntary reserve was made during the year as the Group incurred losses at the date of the consolidated financial statements.

18. Employees' end of service benefits

	<u>2015</u>	<u>2014</u>
	KD	KD
At 1 January	193,177	95,049
Effect of transfer of subsidiaries (Note 7)	925	28,430
Charged during the year	72,524	81,946
Payment during the year	<u>(20,377)</u>	<u>(12,248)</u>
At 31 December	<u>246,249</u>	<u>193,177</u>

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

19. Other credit balances

	<u>2015</u>	<u>2014</u>
	KD	KD
Accrued expense	283,989	204,836
Rentals paid in advance	62,976	36,923
Contribution to KFAS	-	173
National Labor Support Tax	-	482
Provision for Zakat	-	1,556
Other payables	24,113	19,417
	<u>371,078</u>	<u>263,387</u>

20. Net rental income

	<u>2015</u>	<u>2014</u>
	KD	KD
Rental income	1,206,182	716,728
Lease costs	(148,237)	(152,773)
	<u>1,057,945</u>	<u>563,955</u>

21. General and administrative expenses

	<u>2015</u>	<u>2014</u>
	KD	KD
Staff cost	836,552	813,618
Depreciation	186,515	93,512
Rentals	40,206	39,130
Other professional and consultancy fees	72,935	35,835
Subscriptions	29,416	26,882
Other	137,180	190,276
	<u>1,302,804</u>	<u>1,199,253</u>

22. Basic and diluted (loss)/earnings per share ("EPS")

Basic and diluted (loss)/earnings per share is computed by dividing (loss)/profit for the year attributable to the shareholders of parent company by the weighted average number of shares outstanding during the year.

	<u>2015</u>	<u>2014</u>
	KD	KD
(Loss) / profit for the year attributable to shareholders of the parent company (KD)	(606,722)	17,063
Weighted average number of outstanding shares during the year (share)	<u>146,500,000</u>	<u>146,500,000</u>
Basic and diluted (loss)/earnings per share for the year attributable to shareholders of the Parent Company (fils)	<u>(4.14)</u>	<u>0.12</u>

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

23. Commitments and contingencies

Operating lease commitments

The minimum operating lease commitments under non-cancelable operating leases are as follows:

	<u>2015</u>	<u>2014</u>
	KD	KD
Not later than one year	115,661	89,712
After one year but not more than five years	<u>578,305</u>	<u>448,560</u>

Capital costs contracted for at the date of the consolidated financial statements but not yet incurred are as follows:

	<u>2015</u>	<u>2014</u>
	KD	KD
Projects in progress	<u>120,000</u>	<u>400,000</u>

24. Proposed dividends and general assembly

The annual general assembly meeting of the shareholders held on 24 August 2015 approved the consolidated financial statements of the Group for the year ended 31 December 2014. The board of directors recommended not to distribute dividends and board of directors' remuneration for the year ended 31 December 2014.

The board of directors proposed in its meeting held on 30 March 2016 not to distribute dividends for the year ended 31 December 2015. This proposal is subject to approval of the annual general assembly of the shareholders.

25. Segment reporting

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

Operating Segments

The Group has determined the following two major business segments for internal reporting purposes:

- Investment property sector
- Financial investment sector

Financial information about business segments for the year ended 31 December is as follows:

2015

	<u>Investment properties</u>	<u>Financial investments</u>	<u>Other</u>	<u>Total</u>
	KD	KD	KD	KD
Segment assets	22,945,178	2,021,370	2,414,750	27,381,298
Segment liabilities	8,105,282	1,630,262	241,249	9,976,793
Total revenues	423,361	(139,561)	1,247,941	1,531,741
Segment result	(1,063,593)	(139,561)	603,460	(599,694)

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

25. Segment reporting (Continued)

2014

	Investment properties	Financial investments	Other	Total
	KD	KD	KD	KD
Segment assets	22,409,067	143,768	808,797	23,361,632
Segment liabilities	4,970,869	-	456,564	5,427,433
Total revenues	1,555,011	11,529	-	1,566,540
Segment result	(8,939)	11,529	-	2,590

Geographical segments:

Financial information about geographical segments for the year ended 31 December are set out below:

	2015		
	Revenue	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	<u>1,531,741</u>	<u>27,381,298</u>	<u>9,976,793</u>

	2014		
	Revenue	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	<u>1,566,540</u>	<u>223,361,63</u>	<u>5,427,433</u>

26. Financial risk and capital management

a) Financial risk factor

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, profit rate risk and equity price risk), credit risk and liquidity risk. Policies of the Group management to mitigate the risks are set out below. The Group does not use derivative financial instruments based on future speculations.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 5 to the financial statements.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risks include foreign currency risks, profit rate risks and equity price risks.

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

i) Foreign currency risk

Foreign exchange risk is the risk of fluctuations in fair value or future cash flows of a financial instrument as a result of changes in the exchange rates of foreign currencies affecting the group's cash flows or valuation of monetary assets and liabilities in foreign currencies.

The Group has set policies to manage foreign exchange risks, which require from all companies of the group to manage the foreign exchange risk against their operational currency. The group follows and manages such risks through:

- Follow up of changes in foreign exchange rates regularly.
- Set limits for dealing in foreign currencies, and for purposes of the group's main activity.

The following are the net positions of foreign currencies as at the consolidated financial statements date:

	<u>2015</u> KD	<u>2014</u> KD
Net positions of US Dollar	1,625,262	-

The tables below analyse the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinar from levels applicable at 31 December, with all other variables held constant on the consolidated statement of income and consolidated statement of equity. The effect of decreases in foreign currency is expected to be equal and opposite to the effect of the increases shown.

	Change percentage in currency exchange rate	Effect on profit for the year		Effect on equity	
		2015	2014	2015	2014
		KD	KD	KD	KD
US Dollar	+5%	81,263	-	-	-

ii) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rate. The Group is not currently exposed to substantial risks as it has savings account at fixed interest rate. The Group has no other interest rates bearing assets and liabilities as at the date of the consolidated financial statements.

iii) Equity price risk

Equity price risk is the risk that the fair values of equity instruments change as the result of changes in the levels of equity indices and the value of individual stocks. Equity price risk arises from the Group's investment in quoted equity securities classified as "financial assets at fair value through statement of income". To manage such risk, the Group diversifies its investments in various segments within its investment portfolio.

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

iv) Credit risk

Credit risk represents the inability of one party to the financial instrument to meet its liabilities on maturity date, resulting into financial losses to the other party. Financial assets that are likely to expose the Group to credit losses are mainly composed of "due from related parties", "trade and other receivables" "and bank balances". The Group's bank balances are deposited with high credit quality financial institutions Receivables are presented at net of provision for doubtful debts. Credit risks related to receivables are limited due to the large number of clients of the Group and its diversification in various segments.

Credit risk exposure

The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the financial position date was:

	<u>2015</u>	<u>2014</u>
	KD	KD
Due from related parties	324,173	111,674
Trade and other receivables (excluding prepayments to projects and prepaid expenses)	854,199	687,810
Bank balances	373,033	128,894
	<u>1,551,405</u>	<u>928,378</u>

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographic region and segment was:

	<u>State of Kuwait</u>	<u>Other</u>	<u>Total</u>
	KD	KD	KD
At 31 December 2015			
Due from related parties	324,173	-	324,173
Trade and other receivables (excluding prepayments to projects and prepaid expenses)	854,199	-	854,199
Bank balances	373,033	-	373,033
	<u>1,551,405</u>	<u>-</u>	<u>1,551,405</u>
At 31 December 2014			
Due from related parties	111,674	-	111,674
Trade and other receivables (excluding prepayments to projects and prepaid expenses)	687,810	-	687,810
Bank balances	128,894	-	128,894
	<u>928,378</u>	<u>-</u>	<u>928,378</u>
		<u>2015</u>	<u>2014</u>
		KD	KD
Sector:			
Real Estate and Commercial		1,178,372	799,484
Banks and financial institutions		373,033	128,894
		<u>1,551,405</u>	<u>928,378</u>

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

v) 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.

Ultimate responsibility for liquidity risk management rests with parent company's management, who have built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the company's non-derivative financial liabilities based on the remaining period at the consolidated financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2015 and 2014, the carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted values.

	From 3 months to one year	1 - 5 years	Total
	KD	KD	KD
At 31 December 2015			
Liabilities			
Due to related parties	-	9,359,466	9,359,466
Other payables (excluding rents received in advance)	308,102	-	308,102
	<u>308,102</u>	<u>9,359,466</u>	<u>9,667,568</u>
At 31 December 2014			
Liabilities			
Due to related parties	-	4,970,869	4,970,869
Other payables (excluding rents received in advance)	226,464	-	226,464
	<u>226,464</u>	<u>4,970,869</u>	<u>5,197,333</u>

26.2. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

26.2. Capital risk management (continued)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

26.3. Fair value of financial assets and liabilities

The fair value represents the price that would be received sell as assets or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December 2015 and 2014 are not materially different from its fair value.

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	Carried at fair value KD	Carried at cost KD	Carried at amortised cost KD	Total KD
2015				
Financial assets:				
Due from related parties	-	-	324,173	324,173
Available for sale investment		5,000	-	5,000
Receivables and other receivables (excluding prepayments to suppliers and prepaid expenses)	-	-	854,199	854,199
Investment at fair value through statement of income	1,625,262	-	-	1,625,262
Cash and bank balances	-	-	397,354	397,354
	<u>1,625,262</u>	<u>5,000</u>	<u>1,575,726</u>	<u>3,205,988</u>
Financial liabilities:				
Due to related parties	-	-	9,359,466	9,359,466
Other credit balances (excluding rents received in advance)	-	-	308,102	308,102
	<u>-</u>	<u>-</u>	<u>9,667,568</u>	<u>9,667,568</u>

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

26.3. Fair value of financial assets and liabilities (continued)

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2014				
Financial assets:				
Due from related parties	-	-	111,674	111,674
Receivables and other receivables (excluding prepayments to suppliers and prepaid expenses)	-	-	687,810	687,810
Cash and bank balances	-	-	143,768	143,768
	-	-	943,252	943,252
Financial liabilities:				
Due to related parties	-	-	4,970,869	4,970,869
Other credit balances (excluding rents received in advance)	-	-	226,464	226,464
	-	-	5,197,333	5,197,333

Financial and non-financial assets measured at fair value

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 — Quoted prices (unadjusted) in active markets of identical assets or liabilities that the company can peruse the same at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (such as inputs relating to prices).
- Level 3: Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial and non-financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

Notes to the consolidated financial statements
For the year ended 31 December 2015

26. Financial risk and capital management (Continued)

26.3. Fair value of financial assets and liabilities (continued)

Fair value of financial instruments (continued)

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2015	Level 1	Level 2	Total
	KD	KD	KD
Non-financial assets:			
Investment properties	-	16,565,149	16,565,149
Investment at fair value through statement of income			
Quoted foreign securities	1,625,262	-	1,625,262
Total	1,625,262	16,565,149	18,190,411
31 December 2014	Level 1	Level 2	Total
	KD	KD	KD
Non-financial assets			
Investment properties	-	14,875,000	14,875,000

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The carrying values of all financial assets and other financial liabilities that are stated at amortized cost, approximate their fair values as at the date of the financial position.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous period of consolidated financial statements.

27. Comparative figures

Certain comparative figures of the prior financial year have been re-classified to conform to current financial year's presentation of figures, but it does not affect the previously disclosed loss for the year or equity.