

**KUWAIT REAL ESTATE INVESTMENT CONSORTIUM AND ITS SUBSIDIARY - K.S.C.C.
KUWAIT**

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

YEAR ENDED 31 DECEMBER 2002

**KUWAIT REAL ESTATE INVESTMENT CONSORTIUM AND ITS SUBSIDIARY-K.S.C.C.
KUWAIT**

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The Shareholders

**Kuwait Real Estate Investment Consortium and its Subsidiary - K.S.C.C
State of Kuwait**

Independent auditor's report

We have audited the accompanying consolidated balance sheet of Kuwait Real Estate Investment Consortium K.S.C.C. ("the company"), and its subsidiary ("together referred to as "the Group") as at 31 December 2002 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended.

Respective responsibilities of management and auditors

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2002 and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board.



Other regulatory matters

We further report that we have obtained all the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Kuwait Commercial Companies Law of 1960, as amended, and the company's articles and memorandum of association. In our opinion, proper books of account have been kept by the group, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the board of directors' report agrees with the books of account. We have not become aware of any contravention, during the year ended 31 December 2002, of the Kuwait Commercial Companies Law of 1960, as amended, or the Company's articles or memorandum of association during the financial year that would materially affect the Group's activities or its financial position.

Qais Al Nisf
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Member Firm of KPMG International

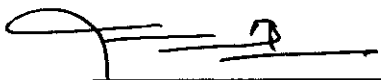
Kuwait: 20 February 2003

Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait

Consolidated balance sheet
as at 31 December 2002

	Note	2002 KD000	2001 KD 000
Assets			
Cash and cash equivalents	3	3,294	3,354
Land and property held for trading	4	18	546
Investments available for sale	5	3,243	2,542
Receivables and other debit balances	6	79	91
Due from related party	7	881	948
Investment properties	8	13,162	9,466
Land and properties held for development	9	-	2,662
Investments held to maturity	10	38	39
Investment in unconsolidated subsidiary	11	191	156
Investment in associates	12	929	1,394
Property, plant and equipment		50	82
Total assets		<u>21,885</u>	<u>21,280</u>
Shareholders' equity and liabilities			
Share capital	13	10,000	10,000
Statutory reserve	14	2,082	1,935
Voluntary reserve	15	2,082	1,935
Foreign exchange translation reserve		(274)	(195)
Retained earnings		6,415	5,894
Total shareholders' equity		<u>20,305</u>	<u>19,569</u>
Accounts payable and other credit balances	16	1,580	1,711
Total liabilities		<u>1,580</u>	<u>1,711</u>
Total shareholders' equity and liabilities		<u>21,885</u>	<u>21,280</u>

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


Mishal M. Al-Hammad
Chairman


Musa M. Abu Alyyan
Deputy Chairman


Ahmed W. Al-Sneen
General Manager

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

Consolidated statement of income
for the year ended 31 December 2002

	Note	2002 KD000	2001 KD000
Revenue			
Portfolio management fees	7	2,021	2,057
Net rental income		837	768
Gain from sale of land and properties held for trading		19	26
Income from investments available for sale		101	22
Interest income		117	187
Income from associates		154	65
Gain from sale of associated company	17	56	-
Write back of provisions	18	469	339
Other income		57	62
Total revenue		<u>3,831</u>	<u>3,526</u>
Expense and other charges			
General and administrative	19	1,810	1,733
Depreciation		319	333
Loss on foreign exchange currencies		123	70
Provision for claims		-	7
Impairment losses in value of investments available for sale		111	-
Impairment losses of associated company		-	136
Total expenses and other charges		<u>2,363</u>	<u>2,279</u>
Net profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), and directors' remuneration			
Contribution to KFAS	20	1,468	1,247
Directors' remuneration		(13)	(22)
		(40)	(40)
Net profit for the year		<u><u>1,415</u></u>	<u><u>1,185</u></u>

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

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

**Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2002**

	Share capital	Statutory reserve	Voluntary reserve	Foreign exchange translation reserve	Retained earnings	Total
	KD000	KD000	KD000	KD000	KD000	KD000
Restated balance at 31 December 2000	10,000	1,810	1,810	(100)	5,459	18,979
Dividends Paid for year 2000	-	-	-	-	(500)	(500)
Net profit for year 2001	-	-	-	-	1,185	1,185
Changes in foreign currency of associated companies	-	-	-	(95)	-	(95)
Transfer to statutory reserve	-	125	-	-	(125)	-
Transfer to voluntary reserve	-	-	125	-	(125)	-
Balance at 31 December 2001	10,000	1,935	1,935	(195)	5,894	19,569
Dividends paid for year 2001	-	-	-	-	(600)	(600)
Net profit for year 2002	-	-	-	-	1,415	1,415
Changes in foreign currency transferred to income statement (Note 17)	-	-	-	(59)	-	(59)
Changes in foreign currency of associated companies	-	-	-	(20)	-	(20)
Transfer to statutory reserve	-	147	-	-	(147)	-
Transfer to voluntary reserve	-	-	147	-	(147)	-
Balance at 31 December 2002	10,000	2,082	2,082	(274)	6,415	20,305

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

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

Consolidated statement of cash flows
for the year ended 31 December 2002

	Note	2002 KD000	2001 KD000
Cash flows from operating activities			
Net profit for the year		1,415	1,185
Adjustments			
Gain from sale of land and properties held for trading		(19)	(26)
Income from investments available for sale		(101)	(22)
Interest income		(117)	(187)
Income from associates		(154)	(65)
Profit from sale of associated company		(56)	-
Income from investments held to maturity		(3)	(4)
Depreciation		319	333
Write back of provisions		(469)	(339)
Gain from sale of property, plant and equipment		(6)	(24)
Provision for claims		-	7
Impairment losses in value of associated company		-	136
Changes on foreign currency		2	25
Impairment loss in value of investments available for sale		111	-
Operating profit before changes in operating assets and liabilities		922	1,019
Receivables and other debit balances		12	74
Due from related party		94	(97)
Accounts payable and other credit balances		(6)	(210)
Net cash from operating activities		1,022	786
Cash flows from investing activities			
Purchase of properties, plant and equipment		(18)	(60)
Purchase of investments available for sale		(1,234)	(1,264)
Purchase of investment in associates		-	(31)
Purchase of land and property held for trading		-	(818)
Acquisition of investment property		(987)	(5)
Additions to land and property held for development		-	(493)
Proceeds from sale of investment available for sale		523	5
Proceeds from sale of land and property held for trading		547	1,015
Proceeds from disposal of property, plant and equipment		6	28
Dividends received from associated company		65	73
Proceeds from sale of associated company		496	-
Interests received		120	183
Net cash used in investing activities		(482)	(1,367)
Cash flows from financing activities			
Dividend paid		(600)	(500)
Settlement of real estate co-operative group portfolio		-	(201)
Net cash used in financing activities		(600)	(701)
Decrease in cash and cash equivalents		(60)	(1,282)
Cash and cash equivalents at beginning of the year		3,354	4,636
Cash and cash equivalents at end of the year	3	3,294	3,354

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

Notes to the consolidated financial statements
for the year ended 31 December 2002

1. Incorporation and activities

Kuwait Real Estate Investment Consortium ("the Company") is a Kuwaiti shareholding company (closed) incorporated on 26 October 1975 and is a subsidiary company of Kuwait Investment Authority. The company is engaged in carrying out real estate transactions, investments in securities and property and investment portfolios management activities inside and outside Kuwait.

The company's registered office is at Al-Sharq, Ahmad Al-Jaber Street, P.O. Box 23411 Safat 13095 Kuwait.

The financial statements were authorized for issue by the Board of Directors on 20 February 2003. The shareholders of the company have the power to amend these financial statements at the annual general assembly meeting.

2. Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the Standing Interpretations Committee of the IASB and the requirements of the Kuwait Commercial Companies Law of 1960, as amended, the Ministerial Resolution No. 18 of 1990 and the company's memorandum and articles of association.

b) Basis of preparation

The financial statements are presented in Kuwaiti Dinars.

The financial statements are prepared on a fair value basis for financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the consolidated financial statements
for the year ended 31 December 2002

The subsidiary company represents of Kuwait Distinguish Real Estate Group, W.L.L. with a capital of KD 20,000 and it is fully owned by the company. Certain shares in respect of the above subsidiary are registered in the name of other parties who are holding these shares as nominee holder on account of and for the benefit of the company.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiary companies that are not material to the financial statements of the Group (see Note 11) are not consolidated and are accounted for based on the equity method.

d) *Investments*

Investments with fixed or determinable payments and fixed maturity that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured initially at cost, including transaction costs and subsequently measured at amortized cost less impairment losses (see accounting policy j).

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as trading investments and included in current assets. Trading investments are measured initially at cost, including transaction costs and subsequently stated at fair value with any resultant gain or loss recognized in the income statement. During the year the Group did not hold any investments in this category.

Investments which are not held-to-maturity or trading, are classified as available-for-sale. Unlisted equity securities classified as available-for-sale investments and whose fair value cannot be reliably determined are initially measured at cost, including transaction costs and subsequently carried at cost less impairment losses. Other available for sale investments are initially measured at cost, including transaction costs and subsequently stated at fair value with any unrealized gain or loss recognized directly in statement of income.

The fair value of available-for-sale investments is determined based on their quoted bid price. If a quoted market price is not available, the fair value of the investment is estimated using generally accepted valuation methods such as discounted cash flow techniques or net asset value or market price of similar investments.

Investments available-for-sale are recognised/ derecognised on the trade date i.e., on the date the company commits to purchase/sell the investments. Investments held to maturity are recognised/derecognised on the settlement date i.e., on the date they are transferred to/by the company.

Notes to the consolidated financial statements
for the year ended 31 December 2002

e) Receivables

Receivables and other debit balances are stated at their cost less impairment losses (see accounting policy j).

f) Land and property held for trading

Land and property acquired for trading are stated at cost. Cost of land and property is determined on an individual basis and represents the fair value of payment including transaction cost.

Land and property held for trading are included in current assets and valued at the lower of cost and recoverable value on an individual basis. Recoverable amount is the selling price less the selling expenses. Any profit or loss resulting from sale of land and property held for trading is included in the statement of income.

g) Investment property

Investment property, other than land, is carried at cost less accumulated depreciation and any accumulated impairment losses (see accounting policy j). Land is carried at cost less any accumulated impairment losses (see accounting policy j).

Land and real estate under development is recognized at cost in addition to development expenses. When development process is completed, the land and real estate is classified either as investment property or land and real estate held for trading or as a fixed assets according to the intention of the management for the future uses of these properties.

h) Investment in associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. Investments in the associates are equity accounted.

Under equity method, Group's share of gains and losses in associated companies is recognized in the consolidated statement of income. The Company's investment in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associated company. Unrealized gain and loss arising from transactions between the group and associates is eliminated from the financial statements. An Impairment loss is recognized whenever the carrying amount of investment in associates exceeds its recoverable amount.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy j). Depreciation is accounted for on a straight-line basis over the estimated useful lives of fixed assets.

j) Impairment

Property, plant and equipment, receivables, investments in associates, investment property and investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Property, plant and equipment, investment property and investments in associates

An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognized in the statement of income.

The recoverable amount of assets is the greater of their net selling price 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Receivables and held-to-maturity investments

The recoverable amount of receivables is calculated as the total amount of expected collections. The receivables are of a short duration and therefore the expected future cash collections are not discounted.

The recoverable amount of held-to-maturity investments is calculated as the present value of the expected future cash flows, discounted at the instrument's original effective interest rate.

k) Provision for employees' indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labour Law and employment contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the balance sheet date.

l) Payables

Payables and other payables are stated at their cost.

m) Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the consolidated financial statements
for the year ended 31 December 2002

n) Revenue recognition

Revenue from management fees is recognised on a time proportion basis as per rates specified in the portfolio management agreements. Interest income is recognised on a time proportion basis, taking into account the outstanding principle and an applicable interest rate. Rental income is recognized on an accrual basis. Dividend income is recognised when the right to receive payment is established.

o) Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at the rate of exchange prevailing on the balance sheet date. Resulting gains or losses on exchange are recorded as part of the results for the year.

Non-monetary assets and liabilities denominated in foreign currency, which are stated at historical cost or amortised cost are recorded at the exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined.

Net assets of the associated companies are translated at the exchange rates prevailing at the date of the balance sheet. Revenue and expenses are translated at the average exchange rates prevailing at the date of the transaction. Exchange differences from the transactions are directly included in shareholders' equity at the foreign currencies reserve.

3. Cash and cash equivalents

	2002 KD000	2001 KD000
Term deposits and call accounts	3,230	3,228
Cash on hand and at banks	64	126
	<u>3,294</u>	<u>3,354</u>

The effective interest rate on deposits range between 1.125% and 3.75% as at 31 December 2002 (2001: 2.063% to 4.75%).

The term deposits include an amount of KD NIL retained by foreign bank as guarantee for third party (2001: KD19,5 thousand).

4. Land and property held for trading

	2002 KD000	2001 KD000
Inside Kuwait	-	527
Outside Kuwait	2,854	4,482
	<u>2,854</u>	<u>5,009</u>
Provision for impairment losses	<u>(2,836)</u>	<u>(4,463)</u>
	<u>18</u>	<u>546</u>

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

**Notes to the consolidated financial statements
for the year ended 31 December 2002**

5. Investments available for sale

	2002 KD000	2001 KD000
Investment in local securities	150	150
Investment in foreign securities and bonds	3,616	2,914
Investment in local funds	2,289	1,465
	<u>6,055</u>	<u>4,529</u>
Provision for impairment losses	(2,812)	(1,987)
	<u>3,243</u>	<u>2,542</u>

Unlisted investments amounting KD 3,866 thousand are carried at cost less any impairment losses as at 31 December 2002 (KD 4,206 thousands as at 31 December 2001), since the company can not reliably determine the fair value of these investments. There is no active market for these investments and there have not been any recent transactions that provide evidence of the current fair value.

6. Receivables and other debit balances

	2002 KD000	2001 KD000
Trade receivables	651	590
Accrued rent	63	101
Deposit and others	124	143
	<u>838</u>	<u>834</u>
Provision for impairment losses	(759)	(743)
	<u>79</u>	<u>91</u>

7. Transactions with related party

This represents transactions with the major shareholder in Kuwait Real Estate Investment Consortium. The prices and settlement terms related to these transactions are approved by the Group's management.

	2002 KD000	2001 KD000
<u>Revenue</u>		
Portfolio management fees	<u>2,021</u>	<u>2,057</u>
<u>Balance sheet</u>		
Due from related party	<u>881</u>	<u>948</u>

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

**Notes to the consolidated financial statements
for the year ended 31 December 2002**

8. Investment property

	2002 KD000	2001 KD000
Properties	17,416	13,767
Accumulated depreciation	(3,156)	(2,886)
Impairment losses	(1,098)	(1,415)
	<u>13,162</u>	<u>9,466</u>

The fair value of investment property amounted KD 14,000 thousand at 31 December 2002 (KD 9,491 thousand at 31 December 2001).

9. Land and properties held for development

	2002 KD000	2001 KD000
Balance at 1 January	2,662	2,169
Additions	175	493
Transferred to investment property	(2,837)	-
Balance at 31 December	<u>-</u>	<u>2,662</u>

10. Investment held to maturity

This represents investment in foreign bonds with variable yield ranges between 8.5% to 9%.

11. Investment in unconsolidated subsidiary

This represents the investment in Loans and Investments Co. (LINC) – Tunis at 91,7%.

12. Investment in associates

	Ownership %	2002 KD000	2001 KD000	Country of incorporation
Arab Brick Company	50%	258	235	Egypt
Arab Ceramic Company	24,4%	639	628	Egypt
National Investment Consortium Company	50%	-	635	Lebanon
Financial Economic Development Co. (FED)	23,8%	1	1	Egypt
Project International Company	20%	31	31	Bahrain
		<u>929</u>	<u>1,530</u>	
Impairment losses		-	(136)	
		<u>929</u>	<u>1,394</u>	

During the year the Group sold its share in National Investment Consortium Company, Lebanese shareholding company.

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

**Notes to the consolidated financial statements
for the year ended 31 December 2002**

13. Share capital

The Company's share capital comprises of 100 million shares as at 31 December 2002 (2001: 100 million shares) authorized, issued and paid-up shares of 100 fils each.

14. Statutory reserve

In accordance with the Commercial Companies Law of 1960 as amended and Company's Articles of Association, 10% of the net profit for the year, before contribution to the Kuwait Foundation for the Advancement of Sciences (KFAS) is required to be transferred to the statutory reserve. The company may resolve to discontinue such annual transfer when the reserve balance totals 50% of the paid up share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of dividend of 5% of paid up share capital to be made in years when profits are not sufficient for the payment of a dividend of that amount.

15. Voluntary reserve

In accordance with Company's Articles of Association 10% of the net profit for the year before contribution to KFAS is required to be transferred to the voluntary reserve.

16. Payables and other credit balances

	2002 KD000	2001 KD000
Payables	67	81
Received in advance from customers	70	55
Staff accruals	451	409
Provision for claims	106	309
Other provisions	229	230
Contribution to Kuwait Foundation for the Advancement of Sciences	13	24
Directors' remuneration	40	40
Accrued expenses	37	63
Employees' end of service indemnity	567	500
	<u>1,580</u>	<u>1,711</u>

17. Gain from sale of associated company

	2002 KD000	2001 KD000
Loss from sale	(3)	-
Profit from foreign currency exchange transferred to income statement	59	-
	<u>56</u>	<u>-</u>

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

**Notes to the consolidated financial statements
for the year ended 31 December 2002**

18. Write back of provisions

	2002 KD000	2001 KD000
Impairment in value of investments property	317	272
Provision for claims	125	-
Other	27	67
	<u>469</u>	<u>339</u>

19. Staff costs

General and administrative expenses include staff costs amounting KD 1,559 thousand as at 31 December 2002 (KD 1,473 thousand at 31 December 2001). Total numbers of employees of the company is 78 at 31 December 2002 (76 at 31 December 2001).

20. KFAS contribution

Based on the resolution of board of directors of Kuwait Foundation for Advancement of Sciences in its session held on 10 November 2002, the annual percentage approved for the foundation has been decreased from 2% to 1% for profit of the year ended 31 December 2002 and subsequent years.

21. Proposed dividend

The board of directors have proposed a dividend of 9% of the paid up share capital for the year ended 31 December 2002 (2001: 6%). The proposed dividend is subject to the approval of the shareholders in the annual general assembly meeting.

22. Assets ownership

Certain assets included in these financial statements are not yet registered in the name of the Group. The procedures to complete the formal registration are still in process in the relevant countries.

23. Compensation claim

The Company has filed a claim amounting to KD 2,043 thousand with the United Nations Compensation Committee ("UNCC") through the Public Authority for the Assessment of Compensation ("PAAC") for damages resulting from the Iraqi invasion of Kuwait in 1990. The claim is not recognised in the Company's financial statements. As at the balance sheet date, the company has not received any amount from the UNCC in respect of the above claim.

24. Contingent liabilities

The company has contingent liabilities at the balance sheet date represents bank guarantees amounting KD 138 thousand (2001: KD 69 thousand).

Notes to the consolidated financial statements
for the year ended 31 December 2002

25. **Fiduciary assets**

Assets managed for third parties or held in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in these financial statements. As at the balance sheet date the total amount of fiduciary assets was KD 180,295 thousand (2001: KD 171,355 thousand).

26. **Financial instruments**

The Group in the normal course of business, uses various types of financial instruments. Information on financial risks and fair value of these financial instruments is set out below.

a) Interest rate risk

The Group is exposed to interest rate risk in respect of cash and cash equivalents.

b) Credit risk

The Group is exposed to credit risk in respect of losses that would have to be recognized if counterparties fail to perform as contracted.

The Group's exposure to credit risk is primarily in respect of cash and cash equivalents, receivables and due from related parties. As at the balance sheet date, the Company's maximum exposure to credit risk is equal to the carrying amount of the above assets disclosed in the balance sheet.

c) Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and certain investments that are denominated in a currency other than Kuwaiti Dinars. The currency giving rise to this risk is primarily Egyptian Pound and US Dollars. As at the balance sheet date the Group had the following net exposure denominated in foreign currencies:

	2002 Thousand	2001 Thousand
Egyptian Pound	31,384	31,650
US Dollar	9,766	9,700

d) Fair value of financial assets and liabilities

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities that are not carried at fair value (cash and cash equivalents, receivables, due from related parties, payable and other credit balances) at the balance sheet date are not materially different from their carrying values.

Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait

Notes to the consolidated financial statements
for the year ended 31 December 2002

27. Maturity analysis of assets and liabilities

The Group's maturity profile set out below is based on the remaining period at the balance sheet date of the contractual maturity date.

	Less than one month KD000	1-3 months KD000	3-12 months KD000	More than one year KD000	Total KD000
At 31 December 2002					
Assets					
Cash and cash equivalents	3,294	-	-	-	3,294
Land and property held for trading	-	-	18	-	18
Investments available for sale	-	413	1,054	1,776	3,243
Receivables and other debit balances	-	33	25	21	79
Due from related party	814	22	45	-	881
Investment property	-	-	300	12,862	13,162
Land and properties held for development	-	-	-	-	-
Investments held to maturity	-	-	-	38	38
Investment in unconsolidated subsidiary	-	-	-	191	191
Investment in associates	-	-	-	929	929
Property, plant and equipment	-	-	-	50	50
	<u>4,108</u>	<u>468</u>	<u>1,442</u>	<u>15,867</u>	<u>21,885</u>
Liabilities					
Accounts payable and other credit balances	14	170	256	1,140	1,580
	<u>14</u>	<u>170</u>	<u>256</u>	<u>1,140</u>	<u>1,580</u>
At 31 December 2001					
Assets					
Cash and cash equivalents	3,335	-	-	19	3,354
Land and property held for trading	-	527	19	-	546
Investments available for sale	-	-	-	2,542	2,542
Receivables and other debit balances	22	20	20	29	91
Due from related party	-	926	22	-	948
Investment property	-	-	-	9,466	9,466
Land and properties held for development	-	-	-	2,662	2,662
Investments held to maturity	-	-	-	39	39
Investment in unconsolidated subsidiary	-	-	-	156	156
Investment in associates	-	-	500	894	1,394
Property, plant and equipment	-	-	-	82	82
	<u>3,357</u>	<u>1,473</u>	<u>561</u>	<u>15,889</u>	<u>21,280</u>
Liabilities					
Accounts payable and other credit balances	233	40	320	1,118	1,711
	<u>233</u>	<u>40</u>	<u>320</u>	<u>1,118</u>	<u>1,711</u>

**Kuwait Real Estate Investment Consortium and its Subsidiary K.S.C.C.
Kuwait**

Notes to the consolidated financial statements
for the year ended 31 December 2002

28. Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments is based on the Group's management and internal reporting structure.

Primary segment information

Financial information about business segment are set out below:

	Investment management KD000		Real estate management KD000		Total KD000	
	2002	2001	2002	2001	2002	2001
Segment revenue	2,710	2,225	1,623	1,070	4,333	3,295
Segment result	872	946	624	350	1,496	1,296
Unallocated revenue					3	15
Unallocated expenses					(84)	(126)
Net profit					1,415	1,185

Geographical Segments

On presenting the information based on the geographical segments, segment revenue is based on the geographical location of the customers. Segment assets and liabilities are based on the geographical location of the assets and liabilities.

	Kuwait KD000		Middle East (except Kuwait) KD000		Total KD000	
	2002	2001	2002	2001	2002	2001
Total revenue	3,388	3,397	443	129	3,831	3,526
Total assets	16,939	15,411	4,946	5,869	21,885	21,280
Total liabilities	1,187	1,111	393	600	1,580	1,711