

**Al Mazaya Holding Company K.S.C. and its
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

30 SEPTEMBER 2012



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MAZAYA HOLDING COMPANY K.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 30 September 2012, and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

The consolidated financial statements of the Group for the year ended 31 December 2011 and the interim condensed consolidated financial information for the period ended 30 September 2011 were audited/reviewed by another auditor who expressed an unmodified opinion/conclusion on those statements/information on 28 March 2012 and 14 November 2011 respectively.

Scope of Review

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

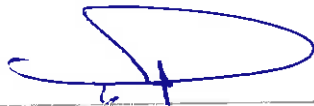
Conclusion

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

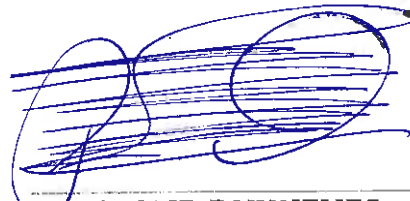
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HOLDING COMPANY K.S.C.**

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company during the nine months period ended 30 September 2012 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68-A
OF ERNST & YOUNG



ALI OWAID RUKHEYES
LICENCE NO. 72-A
MEMBER OF THE INTERNATIONAL
ACCOUNTING GROUP

13 November 2012
Kuwait

Al Mazaya Holding Company K.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2012

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012 KD	(Restated*) 2011 KD	2012 KD	(Restated*) 2011 KD
Revenue from sale of properties held for trading		9,605,259	17,180,463	25,051,609	72,811,858
Rental income		762,392	431,159	2,027,595	1,106,461
Net management fees and commission income		476,046	201,323	982,757	587,203
REVENUE		10,843,697	17,812,945	28,061,961	74,505,522
Cost of sale of properties held for trading		(8,639,656)	(13,232,307)	(18,710,026)	(50,277,701)
Cost of rental		(220,105)	(197,623)	(711,813)	(541,197)
COST OF REVENUE		(8,859,761)	(13,429,930)	(19,421,839)	(50,818,898)
GROSS PROFIT		1,983,936	4,383,015	8,640,122	23,686,624
General and administrative expenses		(390,194)	(582,009)	(1,817,601)	(1,963,377)
Marketing expenses		(20,420)	(25,700)	(76,011)	(90,150)
Professional services fees		(49,077)	(201,599)	(245,719)	(218,599)
Depreciation		(21,031)	(64,278)	(70,290)	(213,927)
Impairment loss on properties held for trading		-	-	(699,179)	-
Allowance for doubtful debts		-	-	(1,388)	-
OPERATING PROFIT		1,503,214	3,509,429	5,729,934	21,200,571
Net investment (loss) income		(70,244)	121,258	70,969	233,965
Impairment loss on financial assets available for sale		(5,305)	(360,866)	(1,615,410)	(375,507)
Share of results of associates		(297,995)	(58,332)	(307,259)	(198,347)
Share of results of joint ventures		(21,834)	611,472	425,159	137,384
Loss on sale of a joint venture		-	-	-	(18,061)
Murabaha income		-	17,586	-	75,268
Interest income		25,417	43,797	98,122	103,646
Finance costs		(918,931)	(863,874)	(2,559,049)	(2,589,652)
Foreign exchange gain (loss)		25,001	(116,542)	(49,402)	226,539
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		239,323	2,903,928	1,793,064	18,795,806
Provision for contribution to KFAS		(2,142)	-	(16,138)	-
Provision for NLST		(5,942)	-	(44,826)	-
Provision for ZAKAT		(2,378)	-	(17,931)	-
Profit for the period		228,861	2,903,928	1,714,169	18,795,806
Attributable to:					
Equity holders of the Parent Company		222,576	2,968,848	1,819,467	18,773,714
Non-controlling interests		6,285	(64,920)	(105,298)	22,092
Profit for the period		228,861	2,903,928	1,714,169	18,795,806
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	0.38 fils	4.84 fils	3.11 fils	32.67 fils

* Certain comparative numbers presented do not correspond to the amounts disclosed in the interim condensed consolidated financial information for the period ended 30 September 2011 due to restatement (Note 3).

The attached notes 1 to 14 form part of these interim condensed consolidated financial information.

Al Mazaya Holding Company K.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2012

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2012</i>	<i>(Restated*) 2011</i>	<i>2012</i>	<i>(Restated*) 2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	228,861	2,903,928	1,714,169	18,795,806
Other comprehensive income (loss)				
Change in fair value of financial assets available for sale	584,592	(708,992)	(1,087,252)	(240,105)
Transferred to income statement on impairment of financial assets available for sale	5,305	360,866	1,615,410	375,507
Transferred to income statement on sale of financial assets available for sale	(70,244)	(14,506)	(70,969)	(121,713)
Foreign currency translation adjustments	357,114	213,024	471,845	(766,245)
Other comprehensive income (loss) for the period	876,767	(149,608)	929,034	(752,556)
Total comprehensive income for the period	1,105,628	2,754,320	2,643,203	18,043,250
Attributable to:				
Equity holders of the Parent Company	1,066,091	1,866,212	2,711,806	18,021,034
Non-controlling interests	39,537	88,108	(68,603)	22,216
	1,105,628	2,754,320	2,643,203	18,043,250

* Certain comparative numbers presented do not correspond to the amounts disclosed in the interim condensed consolidated financial information for the period ended 30 September 2011 due to restatement (Note 3).

Al Mazaya Holding Company K.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2012

		30 September 2012 KD	(Audited) 31 December 2011 KD	(Restated*) 30 September 2011 KD
	Notes			
ASSETS				
Non-current assets				
Goodwill		3,091,732	3,091,732	3,091,732
Property and equipment		173,518	129,703	160,167
Investment properties	5	76,201,210	73,856,672	122,732,184
Investment in joint ventures	6	1,632,432	3,221,917	3,704,106
Investment in associates		13,482,988	13,568,654	12,809,121
Financial assets available for sale		13,898,364	16,334,617	16,959,640
		<u>108,480,244</u>	<u>110,203,295</u>	<u>159,456,950</u>
Current assets				
Properties held for trading	7	99,059,109	107,372,223	123,149,793
Accounts receivable and other debit balances		9,842,458	20,576,478	19,528,638
Cash and cash equivalents	8	13,684,320	23,542,732	26,800,695
		<u>122,585,887</u>	<u>151,491,433</u>	<u>169,479,126</u>
Total assets		<u>231,066,131</u>	<u>261,694,728</u>	<u>328,936,076</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	9	64,931,977	64,931,977	64,931,977
Share premium		21,655,393	79,760,732	79,760,732
Statutory reserve		9,646,725	9,646,725	9,646,725
Voluntary reserve		6,711,805	6,711,805	6,711,805
Effect of changes in subsidiary's equity		88,612	88,612	(260,814)
Effect of changes in subsidiary's treasury shares		(457,645)	(457,645)	(457,645)
Fair value reserve		748,194	327,700	(188,805)
Treasury shares	10	(21,788,181)	(21,788,181)	(18,113,786)
Foreign currency translation reserve		935,493	463,648	215,180
Retained earnings (accumulated losses)		1,819,467	(58,105,339)	(23,489,407)
		<u>84,291,840</u>	<u>81,580,034</u>	<u>118,755,962</u>
Equity attributable to equity holders of the Parent Company		5,217,959	5,286,562	8,838,664
Non-controlling interests		<u>89,509,799</u>	<u>86,866,596</u>	<u>127,594,626</u>
Total equity				
Liabilities				
Non-current liabilities				
Employees' end of service benefits		322,386	286,890	261,682
Term loans		38,000,000	38,000,000	36,000,000
		<u>38,322,386</u>	<u>38,286,890</u>	<u>36,261,682</u>
Current liabilities				
Deferred consideration on acquisition of properties		3,944,024	3,866,170	29,800,245
Wakala and murabaha payables		8,500,000	8,500,000	8,500,000
Term loans		1,500,000	4,500,000	4,500,000
Advances from customers		67,927,375	80,451,988	78,021,467
Accounts payable and other credit balances		18,387,639	36,251,242	39,334,545
Bank overdrafts	8	2,974,908	2,971,842	4,923,511
		<u>103,233,946</u>	<u>136,541,242</u>	<u>165,079,768</u>
Total liabilities		<u>141,556,332</u>	<u>174,828,132</u>	<u>201,341,450</u>
TOTAL LIABILITIES AND EQUITY		<u>231,066,131</u>	<u>261,694,728</u>	<u>328,936,076</u>

* Certain comparative numbers presented do not correspond to the amounts disclosed in the interim condensed consolidated financial information for the period ended 30 September 2011 due to restatement (Note 3).

Rashad V. Al Nafisi
Chairman

The attached notes 1 to 14 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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Al Mazaya Holding Company K.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 September 2012

	Notes	Nine months ended 30 September	
		2012 KD	(Restated*) 2011 KD
OPERATING ACTIVITIES			
Profit for the period		1,714,169	18,795,806
Adjustments for:			
Depreciation		70,290	213,927
Impairment loss on properties held for trading	7	699,179	-
Allowance for doubtful debts		1,388	-
Net investment income		(70,969)	(233,965)
Impairment loss on financial assets available for sale		1,615,410	375,507
Share of results of associates		307,259	198,347
Share of results of joint ventures		(425,159)	(137,384)
Loss on sale of a joint venture		-	18,061
Murabaha income		-	(75,268)
Interest income		(98,122)	(103,646)
Finance costs		2,559,049	2,589,652
Foreign exchange loss (gain)		49,402	(226,539)
Provision for employees' end of service benefits		80,405	43,053
		<u>6,502,301</u>	<u>21,457,551</u>
Working capital adjustments:			
Investment properties		(2,109,823)	(5,845,321)
Properties held for trading		7,380,503	52,189,701
Accounts receivable and other debit balances		10,992,583	(5,305,340)
Accounts payable and other credit balances		(18,902,175)	(791,766)
Advances from customers		<u>(12,524,614)</u>	<u>(63,295,827)</u>
Cash used in operations		<u>(8,661,225)</u>	<u>(1,591,002)</u>
Employees' end of service benefits paid		<u>(44,909)</u>	<u>(38,647)</u>
Net cash flows used in operating activities		<u>(8,706,134)</u>	<u>(1,629,649)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(114,105)	(79,374)
Increase in investment in associates		-	135,267
Proceeds from sale of investment in a joint venture		-	5,981,939
Proceeds from sale of financial assets available for sale		3,355,355	2,312,407
Purchase of financial assets available for sale		(1,907,509)	(1,516,629)
Dividends income received		-	100,000
Murabaha income received		-	75,268
Interest income received		<u>98,122</u>	<u>103,646</u>
Net cash flows from investing activities		<u>1,431,863</u>	<u>7,112,524</u>
FINANCING ACTIVITIES			
Term loans		(3,000,000)	(1,500,000)
Finance costs paid		<u>(2,559,049)</u>	<u>(2,589,652)</u>
Net cash flows used in financing activities		<u>(5,559,049)</u>	<u>(4,089,652)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(12,833,320)</u>	<u>1,393,223</u>
Cash and cash equivalents at the beginning of the period	8	<u>23,542,732</u>	<u>20,483,961</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	<u>10,709,412</u>	<u>21,877,184</u>

* Certain comparative numbers presented do not correspond to the amounts disclosed in the interim condensed consolidated financial information for the period ended 30 September 2011 due to restatement (Note 3).

The attached notes 1 to 14 form part of these interim condensed consolidated financial information.

1 INCORPORATION AND ACTIVITIES

Al Mazaya Holding Company - K.S.C. (the "Parent Company") was incorporated on 7 November 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is engaged in investment in local and foreign companies, real estate properties and consultancy services. This interim condensed consolidated financial information present the results of the Parent Company and its subsidiaries (collectively referred to as the "Group").

The registered head office of the Parent Company is at Salhiya Complex, Fahed Al Salem Street, P.O. Box 3546, Safat 13036, State of Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2012 was authorised for issue in accordance with a resolution of the Board of Directors on 13 November 2012.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2011. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2011.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Group.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2011, except for the adoption of the following amended International Accounting Standards Board (IASB) Standard, applicable to the Group.

IFRS 7: Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

The adoption of the above mentioned amendments did not have material impact on the financial position or performance of the Group.

The Group has not early adopted any IASB Standards, International Financial Reporting Interpretations Committee ("IFRIC") Interpretations or amendments that have been issued but not yet effective.

Al Mazaya Holding Company K.S.C. and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2012

3 RESTATEMENT

During the year ended 31 December 2011, the Group's management discovered that the method of calculating the income based on percentage of completion method from certain properties under development, classified as held for trading was incorrect. This was based on certain items specified in the contracts for the sale of these properties and laws governing real estate in the jurisdiction where the Group builds and sells these properties. These regulations indicate that the transfer of risks and rewards associated with ownership of properties may cease due to cancellation of sale contracts to customers. Accordingly, in accordance with International Accounting Standards (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", the Group reversed the revenues recognised based on percentage of completion method and recorded revenue using completed contract basis in the previous years in order to make the revenue recognition consistent with the transfer of risk and rewards to the buyer and rectified the error in compliance with IAS 18 "Revenue". Consequently the three and nine months figures for the period ended 30 September 2011 have been restated.

The comparative figures in this interim condensed consolidated financial information have been restated as follows:

	(As previously reported) 30 September 2011 KD	Adjustments KD	(Restated) 30 September 2011 KD
The interim condensed consolidated statement of financial position:			
Investment properties	121,239,148	1,493,036	122,732,184
Investment in joint ventures	3,520,537	183,569	3,704,106
Properties held for trading	177,126,823	(53,977,030)	123,149,793
Accumulated losses	(13,371,288)	(10,118,119)	(23,489,407)
Equity attributable to shareholders of the Parent Company	128,874,081	(10,118,119)	118,755,962
Advances from customers	77,798,593	222,874	78,021,467

	Three months ended 30 September			Nine months ended 30 September		
	(As previously reported) 2011 KD	Adjustments KD	(Restated) 2011 KD	(As previously reported) 2011 KD	Adjustments KD	(Restated) 2011 KD
The interim condensed consolidated statement of income:						
Revenue from sale of properties held for trading	1,663,004	15,517,459	17,180,463	1,698,882	71,112,976	72,811,858
Cost of sale of properties held for trading	(1,565,414)	(11,666,893)	(13,232,307)	(2,044,945)	(48,232,756)	(50,277,701)
(Loss) profit for the period	(1,693,948)	4,597,876	2,903,928	(4,739,385)	23,535,191	18,795,806
Basic and diluted (loss) earnings for the period attributable to equity holders of the Parent Company	(2.66) fils	7.50 fils	4.84 fils	(8.29) fils	40.96 fils	32.67 fils

Al Mazaya Holding Company K.S.C. and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2012

4 BASIC AND DILUTED EARNINGS PER SHARE

Basis and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2012</i>	<i>(Restated)</i> <i>2011</i>	<i>2012</i>	<i>(Restated)</i> <i>2011</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	222,576	2,968,848	1,819,467	18,773,714
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	584,517,657	613,449,901	584,517,657	574,621,973
Basic and diluted earnings per share	0.38 fils	4.84 fils	3.11 fils	32.67 fils

5 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>(Restated)</i> <i>30 September</i> <i>2011</i> <i>KD</i>
Balance at the beginning of the period / year	73,856,672	116,921,489	116,921,489
Additions	2,109,824	5,899,754	5,899,754
Transferred from properties held for trading (Note 7)	235,219	801,770	-
Adjustments	-	(38,438,463)	-
Changes in fair value	-	(11,166,563)	-
Foreign currency translation adjustments	(505)	(161,315)	(89,059)
Balance at the end of the period / year	76,201,210	73,856,672	122,732,184

Certain investment properties with a carrying value of KD 10,584,143 (31 December 2011: KD 10,584,143 and 30 September 2011: KD 9,647,000) are collateralised against term loans amounting to KD 39,500,000 (31 December 2011: KD 42,500,000 and 30 September 2011: KD 40,500,000).

6 INVESTMENT IN JOINT VENTURES

During the period ended 30 September 2012, the Parent Company and its' joint venture partner Caledonian Developments Company L.T.D. entered into a Partnership Dissolution Agreement to distribute the existing assets and liabilities of their joint venture 'Al Madar Gulf Limited' (Al Madar) among themselves. Al Madar was initially established for the purpose of developing certain properties in Dubai and was classified as a joint venture and equity accounted.

As a result of the distribution of the assets and liabilities of Al Madar, the Group has obtained net assets amounting to KD 2,383,391 and recorded a loss of KD 251,772 compared to its' carrying value in Al Madar.

Al Mazaya Holding Company K.S.C. and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2012

7 PROPERTIES HELD FOR TRADING

	30 September 2012 KD	(Audited) 31 December 2011 KD	(Restated) 30 September 2011 KD
Balance at the beginning of the period / year	128,044,428	114,814,365	114,814,365
Additions	11,329,523	73,452,345	62,312,458
Disposals	(18,710,026)	(59,361,095)	(50,277,701)
Transferred to investment properties (Note 5)	(235,219)	(801,770)	-
Foreign currency translation adjustments	1,787	(59,417)	(1,787,329)
	<u>120,430,493</u>	<u>128,044,428</u>	<u>125,061,793</u>
Less:			
Provision for impairment loss	(21,371,384)	(20,672,205)	(1,912,000)
Balance at the end of the period / year	<u>99,059,109</u>	<u>107,372,223</u>	<u>123,149,793</u>

Certain properties held for trading with a carrying value of KD 41,793,685 (31 December 2011: KD 42,492,319 and 30 September 2011: KD 32,912,982) are collateralised against term loans amounting to KD 39,500,000 (31 December 2011: KD 42,500,000 and 30 September 2011: KD 40,500,000).

8 CASH AND CASH EQUIVALENTS

	30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
Cash in hand and at banks	13,573,066	16,652,549	19,883,084
Short term deposits	145,976	5,476,413	5,469,959
Cash in portfolios	(34,722)	1,413,770	1,447,652
	<u>13,684,320</u>	<u>23,542,732</u>	<u>26,800,695</u>
Bank overdrafts	(2,974,908)	(2,971,842)	(4,923,511)
	<u>10,709,412</u>	<u>20,570,890</u>	<u>21,877,184</u>
Restricted bank balances	(5,695,145)	(8,614,418)	(13,945,293)
	<u>5,014,267</u>	<u>11,956,472</u>	<u>7,931,891</u>

Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activity and these may not be available for use within 90 days.

9 SHARE PREMIUM

On 14 June 2012, the ordinary Annual General Meeting of the Parent Company's shareholders approved to extinguish accumulated losses of KD 58,105,339 as of 31 December 2011 against the share premium.

Al Mazaya Holding Company K.S.C. and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

At 30 September 2012

10 TREASURY SHARES

	30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
Number of shares	64,802,113	64,802,113	35,869,869
Percentage of issued shares (%)	9.98%	9.98%	5.52%
Market value (KD)	4,924,961	4,017,731	2,223,932

11 RELATED PARTIES TRANSACTIONS

These represent transactions with related parties, i.e. Subsidiaries, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	Major shareholders KD	Other related parties KD	30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
Interim condensed consolidated statement of income:					
Net management fees and commission income	-	436,778	436,778	405,725	214,762
Rental income	197,424	-	197,424	254,253	192,252
Finance costs	-	-	-	-	(60,262)

	Major shareholders KD	Other related parties KD	30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
Interim condensed consolidated statement of financial position:					
Amounts due from related parties *	906,159	916,746	1,822,905	4,796,836	1,429,181
Amounts due to related parties *	388,473	3,788,213	4,176,686	6,365,991	4,612,065

Compensation for board members and other key management member for the period are as follows:

	30 September 2012 KD	(Audited) 31 December 2011 KD	30 September 2011 KD
Key management compensation:			
Salaries and other short term benefits	253,026	287,301	290,440
Terminal benefits	23,481	13,962	94,240
	<u>276,507</u>	<u>301,263</u>	<u>384,680</u>

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

Al Mazaya Holding Company K.S.C. and its Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2012

12 SEGMENT INFORMATION

For management purposes, the Group is divided into three geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA) and others, where the Group performs its main activities in the real estate segment. There is no income generating transactions between the Group's segments.

	Nine months period ended 30 September 2012				Total	Nine months period ended 30 September 2011 (Restated)				Total
	Kuwait	UAE	KSA	Others		Kuwait	UAE	KSA	Others	
Segment revenue	621,522	26,538,370	240,291	661,778	28,061,961	379,244	73,696,389	192,252	237,637	74,505,522
Segment (loss) profit	(5,447,592)	6,271,601	222,094	668,066	1,714,169	(4,285,985)	22,713,376	192,252	176,163	18,795,806
At 30 September 2012										
	Kuwait	UAE	KSA	Others	Total	Kuwait	UAE	KSA	Others	Total
Total segment assets	58,589,172	152,096,088	7,494,000	12,886,871	231,066,131	80,781,627	232,583,290	6,364,996	9,206,163	328,936,076
Total segment liabilities	63,922,480	77,631,333	-	2,519	141,556,332	74,340,479	126,999,629	-	1,342	201,341,450

13 CAPITAL COMMITMENTS

Capital commitments

The Group has capital commitments in respect of the following:

The Group has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction amounting to KD 23,313,721 (31 December 2011: KD 27,650,062 and 30 September 2011: KD 52,650,263).

14 SUBSEQUENT EVENTS

The following events have occurred subsequent to 30 September 2012:

- a) The Parent Company has signed a Memorandum of Understanding with its' joint venture partner Al Nafisi National Group Real Estate K.S.C. regarding the distribution of the net assets of their joint venture Al Wahda Real Estate Investment Limited (Al Wahda) and Villa – 492 Project (The Villa). Both Al Wahda and Villa were initially established for the purpose of developing certain properties in Dubai and it has no material impact on the interim condensed consolidated financial information for the period ended 30 September 2012.
- b) As disclosed in the consolidated financial statements of the Group for the year ended 31 December 2011 one of its subsidiaries Al Mazaya Real Estate Company FZ LLC had an outstanding legal case with Limitless Company LLC (Limitless) in Dubai International Arbitration Tribunal (DIAT) claiming an amount of KD 15.8 million for purchasing 9 plots in Down town Jebel Ali (DTJA) for KD 34.712 million out of which KD 19.6 million was paid in cash and the rest was deferred and impaired.

Subsequent to the period end 30 September 2012, a final verdict was given by DIAT whereby MREC FZ shall only be entitled to receive AED 1.342 Million (KD 0.101 Million) from Limitless and that the control over the plots would remain with Limitless.