AL MAZAYA HOLDING COMPANY K.S.C. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2013

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working world

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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 2013 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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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working world

BAKER TILLY
KUWAIT
Dr. Saud Hamad Al-Humaidi & Partners
Public Accountants

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

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 account 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 Companies Law No. 25 of 2012, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2013 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2013.

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

DR. SAUD HAMAD AL-HUMAIDI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAIDI
& PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

29 October 2013
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013 (UNAUDITED)

	Notes	*30 September 2013 KD*	*(Audited) 31 December 2012 KD*	*30 September 2012 KD*
ASSETS				
Non-current assets				
Goodwill		**2,266,732**	2,266,732	3,091,732
Property and equipment		**287,759**	160,913	173,518
Investment properties	4	**84,077,106**	74,474,146	76,201,210
Investment in joint ventures	5	**961,678**	4,548,739	1,632,432
Investment in associates		**13,407,680**	14,082,064	13,482,988
Financial assets available for sale		**12,309,327**	12,894,223	13,898,364
		113,310,282	108,426,817	108,480,244
Current assets				
Properties held for trading	4	**86,042,126**	93,788,246	99,059,109
Accounts receivable and other debit balances		**5,287,963**	5,446,486	5,351,812
Cash and cash equivalents	6	**11,798,112**	13,391,425	13,684,320
		103,128,201	112,626,157	118,095,241
Total assets		**216,438,483**	221,052,974	226,575,485
EQUITY AND LIABILITIES				
Equity				
Share capital		**64,931,977**	64,931,977	64,931,977
Share premium		**21,655,393**	21,655,393	21,655,393
Statutory reserve		**9,675,780**	9,675,780	9,646,725
Voluntary reserve		**6,740,860**	6,740,860	6,711,805
Fair value reserve		**1,120,933**	927,863	748,194
Treasury shares	7	**(21,788,181)**	(21,788,181)	(21,788,181)
Other reserves		**336,489**	(369,033)	(369,033)
Foreign currency translation reserve		**834,833**	487,818	935,493
Retained earnings		**1,851,600**	1,025,071	1,819,467
Equity attributable to equity holders of the Parent Company		**85,359,684**	83,287,548	84,291,840
Non-controlling interests		**5,455,226**	4,552,280	5,217,959
Total equity		**90,814,910**	87,839,828	89,509,799
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**363,252**	336,911	322,386
Tawarruq payable		**8,497,300**	-	-
Term loans		**25,750,000**	31,000,000	38,000,000
		34,610,552	31,336,911	38,322,386
Current liabilities				
Term loans		**7,000,000**	7,000,000	1,500,000
Murabaha and wakala payables		**-**	8,500,000	8,500,000
Deferred consideration on acquisition of properties		**3,968,719**	3,947,108	3,944,024
Advances from customers		**61,688,531**	62,069,979	62,608,069
Accounts payable and other credit balances		**15,354,170**	17,443,352	19,216,299
Bank overdrafts	6	**3,001,601**	2,915,796	2,974,908
		91,013,021	101,876,235	98,743,300
Total liabilities		**125,623,573**	133,213,146	137,065,686
TOTAL LIABILITIES AND EQUITY		**216,438,483**	221,052,974	226,575,485

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Acting Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2013 (UNAUDITED)

	Notes	*Three months ended 30 September* 2013 KD	*Three months ended 30 September* 2012 KD	*Nine months ended 30 September* 2013 KD	*Nine months ended 30 September* 2012 KD
Revenue from sale of properties held for trading		**5,602,370**	9,605,259	**17,047,843**	25,051,609
Rental income		**1,015,865**	762,392	**2,850,321**	2,027,595
Net management fees and commission income		**158,113**	476,046	**489,915**	982,757
REVENUE		**6,776,348**	10,843,697	**20,388,079**	28,061,961
Cost of sale of properties held for trading		**(4,151,844)**	(8,639,656)	**(14,286,385)**	(18,710,026)
Cost of rental		**(311,064)**	(220,105)	**(873,621)**	(711,813)
COST OF REVENUE		**(4,462,908)**	(8,859,761)	**(15,160,006)**	(19,421,839)
GROSS PROFIT		**2,313,440**	1,983,936	**5,228,073**	8,640,122
General and administrative expenses		**(610,817)**	(480,722)	**(2,268,541)**	(2,211,009)
Net investment gain (loss)		**5,000**	(75,549)	**(635,678)**	(1,544,441)
Share of results of associates		**-**	(297,995)	**(4,349)**	(307,259)
Gain on partial disposal of an associate		**25,657**	-	**25,657**	-
Share of results of joint ventures		**11,462**	(21,834)	**319,276**	425,159
Other (loss) income	8	**(128,237)**	-	**1,349,121**	-
Net impairment charge on properties held for trading		**-**	-	**(190,833)**	(699,179)
Interest income		**17,859**	25,417	**62,279**	98,122
Finance costs		**(653,648)**	(918,931)	**(1,974,805)**	(2,559,049)
Other expenses		**(512,607)**	-	**(739,224)**	-
Foreign exchange (loss) gain		**(7,299)**	25,001	**3,420**	(49,402)
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		**460,810**	239,323	**1,174,396**	1,793,064
KFAS		**-**	(2,142)	**-**	(16,138)
NLST		**-**	(5,942)	**-**	(44,826)
Zakat		**-**	(2,378)	**-**	(17,931)
		460,810	228,861	**1,174,396**	1,714,169
Attributable to:					
Equity holders of the Parent Company		**402,442**	222,576	**826,529**	1,819,467
Non-controlling interests		**58,368**	6,285	**347,867**	(105,298)
PROFIT FOR THE PERIOD		**460,810**	228,861	**1,174,396**	1,714,169
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	**0.69 fils**	0.38 fils	**1.41 fils**	3.11 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2013(UNAUDITED)

	Notes	*Three months ended 30 September*		*Nine months ended 30 September*	
		2013	*2012*	***2013***	*2012*
		KD	*KD*	***KD***	*KD*
Profit for the period		**460,810**	228,861	**1,174,396**	1,714,169
Other comprehensive income (loss):					
Changes in fair value of financial assets available for sale		**164,485**	584,592	**(436,931)**	(1,087,252)
Transferred to income statement on impairment of financial assets available for sale		**-**	5,305	**520,966**	1,615,410
Transferred to income statement on sale of financial assets available for sale		**(5,749)**	(70,244)	**119,712**	(70,969)
Foreign currency translation adjustments		**(238,633)**	357,114	**347,015**	471,845
Other comprehensive (loss) income for the period		**(79,897)**	876,767	**550,762**	929,034
Total comprehensive income for the period		**380,913**	1,105,628	**1,725,158**	2,643,203
Attributable to:					
Equity holders of the Parent Company		**291,913**	1,066,091	**1,366,614**	2,711,806
Non-controlling interests		**89,000**	39,537	**358,544**	(68,603)
		380,913	1,105,628	**1,725,158**	2,643,203

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2013(UNAUDITED)

	Equity attributable to equity holders of the Parent Company											
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Fair value reserve KD*	*Treasury shares KD*	*Other reserves KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total KD*
At 1 January 2013	64,931,977	21,655,393	9,675,780	6,740,860	927,863	(21,788,181	(369,033)	487,818	1,025,071	83,287,548	4,552,280	87,839,828
Profit for the period	-	-	-	-	-	-	-	-	826,529	826,529	347,867	1,174,396
Other comprehensive income for the period	-	-	-	-	193,070	-	-	347,015	-	540,085	10,677	550,762
Total comprehensive income for the period	-	-	-	-	193,070	-	-	347,015	826,529	1,366,614	358,544	1,725,158
Partial disposal of subsidiary	-	-	-	-	-	-	705,522	-	-	705,522	544,402	1,249,924
At 30 September 2013	**64,931,977**	**21,655,393**	**9,675,780**	**6,740,860**	**1,120,933**	**(21,788,181**	**336,489**	**834,833**	**1,851,600**	**85,359,684**	**5,455,226**	**90,814,910**
At 1 January 2012	64,931,977	79,760,732	9,646,725	6,711,805	327,700	(21,788,181	(369,033)	463,648	(58,105,339)	81,580,034	5,286,562	86,866,596
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,819,467	1,819,467	(105,298)	1,714,169
Other comprehensive income for the period	-	-	-	-	420,494	-	-	471,845	-	892,339	36,695	929,034
Total comprehensive Income (loss) for the period	-	-	-	-	420,494	-	-	471,845	1,819,467	2,711,806	(68,603)	2,643,203
Extinguishment of accumulated losses against share premium	-	(58,105,339)	-	-	-	-	-	-	58,105,339	-	-	-
At 30 September 2012	64,931,977	21,655,393	9,646,725	6,711,805	748,194	(21,788,181	(369,033)	935,493	1,819,467	84,291,840	5,217,959	89,509,799

The attached notes 1 to 14 form part of this interim condensed consolidated financial informatior

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2013(UNAUDITED)

	Notes	*Nine months ended 30 September* *2013* *KD*	*2012* *KD*
OPERATING ACTIVITIES			
Profit for the period		**1,174,396**	1,714,169
Adjustments to reconcile profit to net cash flows:			
Depreciation		**45,458**	70,290
Allowance for doubtful debts		**-**	1,388
Net investment loss		**635,678**	1,544,441
Share of results of joint ventures		**(319,276)**	(425,159)
Share of results of associates		**4,349**	307,259
Gain on partial disposal of an associate		**(25,657)**	-
Other loss (income)		**(2,322,361)**	-
Net impairment charge on properties held for trading		**190,833**	699,179
Interest income		**(62,279)**	(98,122)
Finance costs		**1,974,805**	2,559,049
Foreign exchange (gain) loss		**(3,420)**	49,402
Provision for employees' end of service benefits		**68,514**	80,405
		1,361,040	6,502,301
Working capital adjustments:			
Investment properties		**214,079**	(2,109,823)
Properties held for trading		**4,630,421**	7,380,503
Accounts receivable and other debit balances		**672,155**	10,732,634
Accounts payable and other credit balances		**(7,006,048)**	(15,667,361)
Advances from customers		**(381,448)**	(12,524,614)
Cash flows used in operations		**(509,801)**	(5,686,360)
Employees' end of service benefits paid		**(42,173)**	(44,909)
Net cash flows used in operating activities		**(551,974)**	(5,731,269)
INVESTING ACTIVITIES			
Decrease in restricted cash balances		**783,052**	2,919,273
Purchase of property and equipment		**(172,304)**	(114,105)
Proceeds received on distribution of assets in joint venture	5	**3,918,125**	-
Proceeds received on partial disposal of an associate		**536,267**	138,915
Dividend received from an associate		**299,292**	-
Dividend income received		**5,000**	-
Purchase of financial assets available for sale		**-**	(1,907,509)
Proceeds from sale of financial assets available for sale		**137,290**	3,213,417
Proceeds from partial disposal of a subsidiary		**1,249,924**	
Interest income received		**62,279**	98,122
Net cash flows from investing activities		**6,818,925**	4,348,113
FINANCING ACTIVITIES			
Term loan repaid		**(5,250,000)**	(3,000,000)
Net movement in murabaha and wakala payables		**(2,700)**	-
Finance costs paid		**(1,974,805)**	(2,559,049)
Net cash flows used in financing activities		**(7,227,505)**	(5,559,049)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(960,554)**	(6,942,205)
Foreign currency translation adjustments		**64,489**	-
Cash and cash equivalents at the beginning of the period	6	**4,266,287**	11,956,472
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**3,370,222**	5,014,267
NON CASH TRANSACTIONS			
OPERATING ACTIVITIES			
Properties held for trading		**(3,145,582)**	-
Accounts payable and other credit balances	4	**(6,000,000)**	-
		(9,145,582)	-
INVESTING ACTIVITIES			
Investment properties	4	**9,800,000**	-

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

1 CORPORATE INFORMATION

Al Mazaya Holding Company - K.S.C. (the "Parent Company") was incorporated on 7 November 1998 under the Companies Law No. 25 of 2012 and as amended. 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 2013 was authorised for issue in accordance with a resolution of the Board of Directors on 29 October 2013.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013 . As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

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 of the Group 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 2012. 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 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2012.

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 of the Group for the year ended 31 December 2012, except for the adoption of the following new standard / amendment to International Accounting Standards Board (IASB) Standard, applicable to the Group:

IAS 1 *Financial Statement Presentation*
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified. The adoption of this standard did not have any impact on the interim condensed consolidated financial information of the Group.

IAS 19 *Employee Benefits (Revised)*
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendments are effective for annual periods beginning on or after 1 January 2013 and have had no effect on the Group's financial position, performance or its disclosures.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies (continued)

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of implementing the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard has had no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Disclosures*: Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting off arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this amendment is not expected to have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control. Under IFRS 10, control is based on whether an investor has 1) power over the investee 2) exposure or rights to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The adoption of this new standard had no effect on the Group's financial position, performance or its disclosures.

IFRS 12 – Disclosure of Involvement with Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide additional disclosures in the annual consolidated financial statements.

IFRS 13 – Fair Value measurement

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard did not have any material impact on the financial position or performance of the Group.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 12.

3 BASIC AND DILUTED EARNING PER SHARE

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

The following reflects the profit and share data used in the basic and diluted profit per share computations:

	Three months ended 30 September		*Nine months ended 30 September*	
	2013	*2012*	***2013***	*2012*
	KD	*KD*	***KD***	*KD*
Profit for the period attributable to equity holders of the Parent Company	**402,442**	222,576	**826,529**	1,819,467
	Shares	*Shares*	***Shares***	*Shares*
Weighted average number of ordinary shares	**649,319,770**	649,319,770	**649,319,770**	649,319,770
Less: weighted average number of treasury shares	**(64,802,113)**	(64,802,113)	**(64,802,113)**	(64,802,113)
Weighted average number of shares outstanding	**584,517,657**	584,517,657	**584,517,657**	584,517,657
Basic and diluted earning per share attributable to the equity holders of the Parent Company	**0.69 fils**	0.38 fils	**1.41 fils**	3.11 fils

4 INVESTMENT PROPERTIES AND PROPERTIES HELD FOR TRADING

The fair value of investment properties and net realisable value of properties held for trading was determined as at 31 December 2012 by independent valuers who are specialised in valuing these types of properties. Management is of the view that no significant changes have occurred in fair values and net realisable values of these properties during the period ended 30 September 2013.

During the period ended 30 September 2013, the Parent Company has entered into a contract with a related party to purchase an investment property amounting to KD 9,800,000 and property held for trading amounting to KD 868,299 at fair value. The fair value of the investment property and property held for trading purchased by the Parent Company is determined by an independent valuer as agreed by the parties to the contract.

The purchase price is required to be settled by the Parent Company in the form of sales of certain units of properties held for trading and taking over a bank borrowing of that related party (note 9). Accordingly the Parent Company, as per the above contact, has sold units of properties held for trading and recorded KD 4,668,299 as revenue arising from sale of properties held for trading and recorded a payable to the related party amounting to KD 6,000,000 included in account payable and other credit balances as the procedure to take over the bank borrowing is under process as at the reporting date.

Further, the legal procedure to transfer the ownership of investment property purchased by the Parent Company is under process as at the reporting date (note 9).

5 INVESTMENT IN JOINT VENTURES

During the previous year, the Parent Company entered into an agreement with one of its partners, Al Nafisi National Real Estate Group K.S.C.(Closed) (NNRG), to distribute certain assets of it's joint venture (JVs) Al Wahda Real Estate Investment Limited (Al Wahda).

During the period, the Group received the remaining balance of its share of assets from the assets distributed that amounted to AED 51,000,000 equivalent to KD 3,918,125 and is netted off against the carrying value of Al Wahda.

6 CASH AND CASH EQUIVALENTS

	30 September 2013 KD	*(Audited) 31 December 2012 KD*	*30 September 2012 KD*
Cash in hand and at banks	**11,889,410**	13,066,745	13,573,066
Short term deposits	**-**	146,222	145,976
Cash in portfolios	**(91,298)**	178,458	(34,722)
	11,798,112	13,391,425	13,684,320
Bank overdrafts	**(3,001,601)**	(2,915,796)	(2,974,908)
	8,796,511	10,475,629	10,709,412
Restricted bank balances	**(5,426,289)**	(6,209,342)	(5,695,145)
	3,370,222	4,266,287	5,014,267

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.

7 TREASURY SHARES

	30 September 2013 KD	*(Audited) 31 December 2012 KD*	*30 September 2012 KD*
Number of shares	**64,802,113**	64,802,113	64,802,113
Percentage of issued shares (%)	**9.98**	9.98	9.98
Market value (KD)	**6,739,420**	4,730,554	4,924,961

8 OTHER (LOSS) INCOME

Other (loss) income for the period ended 30 September 2013 includes a gain of KD 1,800,590 arising on settlement of liabilities included in accounts payable and other credit balances and a gain of KD 513,632 resulting from reversal of provision due to recovery of accounts receivable and other debit balances previously provided for.

Other (loss) income also includes a loss of KD 952,616 representing reversal of forfeiture gain recognized previously based on settlement of a claims with customers.

9 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. Subsidiaries, major 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	*Associates KD*	*Other related parties KD*	*Total 30 September 2013 KD*	*30 September 2012 KD*
Interim condensed consolidated statement of income:					
Revenue from sale of properties held for trading (Note 4)	-	-	4,668,299	4,668,299	-
Net management fees and commission income	-	-	336,283	336,283	436,778
Net rental income	105,735	-	-	105,735	197,424

	Major shareholders KD	*Associates KD*	*Other related parties KD*	*Total 30 September 2013 KD*	*(Audited) 31 December 2012 KD*	*30 September 2012 KD*
Interim condensed consolidated statement of financial position:						
Amounts due from related parties *	250,295	-	366,082	616,377	1,121,759	1,822,905
Amounts due to related parties *	173,064	-	5,848,007	6,021,071	173,438	4,176,686
Cash and cash equivalents	6,217	-	-	6,217	261,952	-

Other transaction
During the nine months period ended 30 September 2013, the Parent Company has entered into a contract with a related party to purchase an investment property and property held for trading against sale of properties held for trading and settlement of loan of the related party. For detail of the transaction refer (note 4).

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

Key management compensation:
Compensation for board members and other key management personnel for the period are as follows:

	30 September 2013 KD	*30 September 2012 KD*
Salaries and other short term benefits	242,865	253,026
Terminal benefits	42,110	23,481
	284,975	276,507

10 SEGMENT INFORMATION

For management purposes, the Group is divided into three main 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 month period 30 September 2013					Nine month period 30 September 2012				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	943,721	18,885,250	222,972	336,136	20,388,079	621,522	26,538,370	240,291	661,778	28,061,961
Segment (loss) profit	(2,466,687)	3,035,313	222,972	382,798	1,174,396	(5,447,592)	6,271,601	222,094	668,066	1,714,169

	30 September 2013					30 September 2012				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	65,822,613	134,427,657	4,920,687	11,267,526	216,438,483	58,589,172	147,605,442	7,494,000	12,886,871	226,575,485
Total segment liabilities	53,261,730	72,346,483	-	15,360	125,623,573	63,922,480	73,140,687	-	2,519	137,065,686

	31 December2012(Audited)				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	53,419,854	150,883,528	4,920,687	11,828,905	221,052,974
Total segment liabilities	64,155,449	69,055,178	-	2,519	133,213,146

11 CAPITAL COMMITMENTS

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 27,218,686 (31 December 2012: KD 14,665,565 and 30 September 2012: KD 23,313,721).

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities

The fair value of financial assets and financial liabilities not carried at fair value are not materially different from their carrying value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3:- other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

Based on the above the financial instruments carried at fair value are classified as follows:

	Level 1 *KD*	*Level 3* *KD*	*Total* *KD*
30 September 2013			
Financial assets available for sale	**2,462,954**	**9,846,373**	**12,309,327**
31 December 2012			
Financial assets available for sale	2,732,376	10,161,847	12,894,223
30 September 2012			
Financial assets available for sale	2,690,331	11,208,033	13,898,364

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	At 1 January 2013 KD	*Loss recorded in the interim condensed consolidated statement of income KD*	*Gain recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*At 30 September 2013 KD*
Financial assets available for sale:					
Equity securities	**2,555,187**	**-**	**153,111**	**-**	**2,708,298**
Managed portfolio	**7,606,660**	**(344,388)**	**87,787**	**(211,984)**	**7,138,075**

	At 1 January 2012 KD	*Loss recorded in the interim condensed consolidated statement of income KD*	*(Loss) gain recorded in other comprehensive income KD*	*Net purchases, sales and settlements KD*	*At 30 September 2012 KD*
Financial assets available for sale:					
Equity securities	4,626,679	(920,405)	(248,334)	-	3,457,940
Managed portfolio	9,774,316	(580,771)	121,840	(1,565,292)	7,750,093

13 COMPARATIVE INFORMATION

Certain prior year amounts relating to 30 September 2012 have been reclassified to conform to current period and 31 December 2012 presentation. This reclassification pertains to accounts receivable and other debit balances being set-off against advances from customers by KD 5,319,306 and transfer of KD 828,660 from accounts receivable and other debit balances to accounts payable and other credit balances. The effect of these reclassifications is summarized as follows:

30 September 2012

Statement of financial position:

	As previously reported KD	*Reclassifi-cation KD*	*After reclassific-ation KD*
Accounts receivable and other debit balances	9,842,458	(4,490,646)	5,351,812
Advances from customers	67,927,375	(5,319,306)	62,608,069
Accounts payable and other credit balances	18,387,639	828,660	19,216,299

The above reclassification did not have any effect on the consolidated statement of income, comprehensive income or retained earnings as at 30 September 2012. Such reclassification has been made to improve the quality of information presented.

14 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly for the year ended 31 December 2012 held on 9 June 2013 approved the consolidated financial statements for the year ended 31 December 2012. The General Assembly approved not to distribute any dividends for the year ended 31 December 2012 (2011: Nil).