

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

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

31 MARCH 2013



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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 of 31 March 2013 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three 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.

The interim condensed consolidated financial information for the period ended 31 March 2012 were reviewed by another auditor who expressed an unmodified conclusion on those information on 14 May 2012.

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.



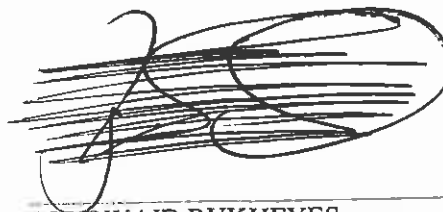
**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF AL MAZAYA HOLDING
COMPANY K.S.C. (continued)**

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 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 No. 25 of 2012, as amended, or of the Articles of Association and Memorandum of Incorporation of the Parent Company that have occurred during the three months period ended 31 March 2013 that might have had a material effect on the business of the Parent Company or on its financial position.



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2 May 2013
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013(Unaudited)

		31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
	Notes			
ASSETS				
Non-current assets				
Goodwill		2,266,732	2,266,732	3,091,732
Property and equipment		152,444	160,913	160,743
Investment properties		74,618,565	74,474,146	74,452,909
Investment in joint ventures	4	671,023	4,548,739	3,448,831
Investment in associates		13,922,412	14,082,064	13,404,973
Financial assets available for sale		12,405,091	12,894,223	14,835,475
		<u>104,036,267</u>	<u>108,426,817</u>	<u>109,394,663</u>
Current assets				
Properties held for trading		91,339,905	93,788,246	105,705,444
Accounts receivable and other debit balances		5,745,514	5,446,486	10,855,308
Cash and cash equivalents	5	16,908,995	13,391,425	20,040,803
		<u>113,994,414</u>	<u>112,626,157</u>	<u>136,601,555</u>
Total assets		<u>218,030,681</u>	<u>221,052,974</u>	<u>245,996,218</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		64,931,977	64,931,977	64,931,977
Share premium		21,655,393	21,655,393	79,760,732
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		981,450	927,863	249,355
Treasury shares	6	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		(369,033)	(369,033)	(369,033)
Foreign currency translation reserve		976,634	487,818	218,875
Retained earnings (accumulated losses)		1,238,816	1,025,071	(57,154,904)
Equity attributable to equity holders of the Parent Company		<u>84,043,696</u>	<u>83,287,548</u>	<u>82,207,351</u>
Non-controlling interests		<u>4,795,361</u>	<u>4,552,280</u>	<u>5,291,399</u>
Total equity		<u>88,839,057</u>	<u>87,839,828</u>	<u>87,498,750</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		343,133	336,911	296,135
Term loans		29,250,000	31,000,000	38,000,000
		<u>29,593,133</u>	<u>31,336,911</u>	<u>38,296,135</u>
Current liabilities				
Term loans		7,000,000	7,000,000	4,500,000
Wakala and Murabaha payables		8,497,300	8,500,000	8,500,000
Deferred consideration on acquisition of properties		3,999,592	3,947,108	3,813,487
Advances from customers		61,851,255	62,069,979	71,429,982
Accounts payable and other credit balances		15,391,424	17,443,352	29,082,530
Bank overdrafts	5	2,858,920	2,915,796	2,875,334
		<u>99,598,491</u>	<u>101,876,235</u>	<u>120,201,333</u>
Total liabilities		<u>129,191,624</u>	<u>133,213,146</u>	<u>158,497,468</u>
TOTAL LIABILITIES AND EQUITY		<u>218,030,681</u>	<u>221,052,974</u>	<u>245,996,218</u>

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Acting chief executive officer

The attached notes 1 to 13 form part of these 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 31 March 2013 (Unaudited)

	Notes	Three months ended 31 March	
		2013 KD	2012 KD
Revenue from sale of properties held for trading		4,808,768	6,745,997
Rental income		862,748	580,735
Net management fees and commission income		258,392	134,353
REVENUE		5,929,908	7,461,085
Cost of sale of properties held for trading		(4,360,160)	(4,745,673)
Cost of rental		(251,102)	(233,593)
COST OF REVENUE		(4,611,262)	(4,979,266)
GROSS PROFIT		1,318,646	2,481,819
General and administrative expenses		(795,343)	(746,277)
Net investment loss		(518,269)	(32,154)
Share of results of associates		9,787	7,574
Share of results of joint ventures		40,410	215,184
Provisions no longer required	7	1,202,171	(82,136)
Impairment on properties held for trading		(189,997)	-
Interest income		25,516	40,221
Finance costs		(639,196)	(851,876)
Foreign exchange gain (loss)		23,812	(31,816)
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		477,537	1,000,539
KFAS		-	(10,005)
NLST		-	(25,013)
Zakat		-	(10,005)
		477,537	955,516
Attributable to:			
Equity holders of the Parent Company		213,745	950,435
Non-controlling interests		263,792	5,081
PROFIT FOR THE PERIOD		477,537	955,516
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	0.37	1.63

The attached notes 1 to 13 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
For the period ended 31 March 2013 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2013</i>	<i>2012</i>
		<i>KD</i>	<i>KD</i>
Profit for the period		477,537	955,516
Other comprehensive income (expense):			
Changes in fair value of financial assets available for sale		(485,393)	(98,546)
Transferred to income statement on impairment of financial assets available for sale		518,383	53,162
Transferred to income statement on sale of financial assets available for Sale		(114)	(33,205)
Foreign currency translation adjustments		488,816	(244,773)
Other comprehensive income (expense) for the period		521,692	(323,362)
Total comprehensive income for the period		999,229	632,154
Attributable to:			
Equity holders of the Parent Company		756,148	627,317
Non-controlling interests		243,081	4,837
		999,229	632,154

The attached notes 1 to 13 form part of these interim condensed consolidated financial information.

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

Equity attributable to equity holders of the Parent Company

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the period ended 31 March 2013 (Unaudited)

	Notes	Three Months ended 31 March	
		2013 KD	2012 KD
OPERATING ACTIVITIES			
Profit for the period		477,537	955,516
Adjustments to reconcile profit to net cash flows:			
Depreciation		14,101	27,549
Net investment loss		518,269	32,154
Share of results of associates		(9,787)	(7,574)
Share of results of joint ventures		(40,410)	(215,184)
Provisions no longer required		(1,202,171)	82,136
Impairment on properties held for trading		189,997	-
Interest income		(25,516)	(40,221)
Finance costs		639,196	851,876
Foreign exchange (gain) loss		(23,812)	31,816
Provision for employees' end of service benefits		21,246	23,170
		<u>558,650</u>	<u>1,741,238</u>
Working capital adjustments:			
Properties held for trading		2,561,838	1,701,569
Accounts receivable and other debit balances		(299,028)	2,922,083
Accounts payable and other credit balances		(1,063,325)	(8,212,615)
Advances from customers		18,656	(1,463,344)
		<u>1,776,791</u>	<u>(3,311,069)</u>
Cash flows from (used in) operations		(15,024)	(13,925)
Employees' end of service benefits paid			
		<u>1,761,767</u>	<u>(3,324,994)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Decrease in restricted cash balances		13,500	1,288,699
Purchase of property and equipment		(5,632)	(58,589)
Addition to investment properties		(26,436)	(603,500)
Proceeds received on distribution of assets in joint ventures	4	3,918,125	-
Dividend income from investment in associates		235,195	-
Purchase of financial assets available for sale		-	(1,909,973)
Proceeds from sale of financial assets available for sale		3,739	3,303,290
Interest income received		25,516	40,221
		<u>4,164,007</u>	<u>2,060,148</u>
Net cash flows from investing activities			
FINANCING ACTIVITIES			
Term loan repaid		(1,750,000)	-
Wakala and murabaha repaid		(2,700)	-
Finance costs paid		(639,196)	(851,876)
		<u>(2,391,896)</u>	<u>(851,876)</u>
Net cash flows used in financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>3,533,878</u>	<u>(2,116,722)</u>
Foreign currency translation adjustments		54,068	-
Cash and cash equivalents at the beginning of the period		<u>4,266,287</u>	<u>11,956,472</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u><u>7,854,233</u></u>	<u><u>9,839,750</u></u>

The attached notes 1 to 13 form part of these 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 Commercial 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 31 March 2013 was authorised for issue in accordance with a resolution of the Board of Directors on 2 May 2013.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, 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).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.

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 31 March 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 amended 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 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 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 standard 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 does not have any material impact on the financial position or performance of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2013 did not have any material impact on the accounting policies, financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

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:

	<i>Three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	213,745	950,435
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	649,319,770	649,319,770
Less: weighted average number of treasury shares	(64,802,113)	(64,802,113)
Weighted average number of shares outstanding	584,517,657	584,517,657
Basic and diluted earning per share attributable to the equity holders of the Parent Company- (fils)	0.37	1.63

4 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.

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Cash in hand and at banks	16,959,667	13,066,745	7,027,727
Short term deposits	-	146,222	11,930,192
Cash in portfolios	(50,672)	178,458	1,082,884
	16,908,995	13,391,425	20,040,803
Bank overdrafts	(2,858,920)	(2,915,796)	(2,875,334)
	14,050,075	10,475,629	17,165,469
Restricted bank balances	(6,195,842)	(6,209,342)	(7,325,719)
	7,854,233	4,266,287	9,839,750

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

6 TREASURY SHARES

	31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 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)	6,156,201	4,730,554	5,119,367

7 PROVISIONS NO LONGER REQUIRED

Provision no longer required mainly includes, a gain of KD 964,791 arising on settlement of a liability included in accounts payable and other credit balances payable to a broker and the remaining balance amount comprises gain from forfeiture of advances from customers due to cancellation of previously sold properties.

8 RELATED PARTIES 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	Total 31 March 2013 KD	31 March 2012 KD
Consolidated statement of income:				
Net management fees and commission income	-	201,805	201,805	51,364
Net rental income	35,131	-	35,131	66,435

	Major shareholders KD	Associates KD	Other related parties KD	Total 31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
Consolidated statement of financial position:						
Amounts due from related parties *	874	220,058	501,950	722,882	1,121,759	4,102,596
Amounts due to related parties *	172,109	-	-	172,109	173,438	4,874,618
Cash and cash equivalents	36,679	-	-	36,679	261,952	31,514

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

8 RELATED PARTIES TRANSACTIONS (Continued)

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

	<i>31 March 2013 KD</i>	<i>31 March 2012 KD</i>
Key management compensation:		
Salaries and other short term benefits	57,565	81,764
Terminal benefits	7,543	14,956
	<u>65,108</u>	<u>96,720</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

9 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.

	Three month period 31 March 2013					Three month period 31 March 2012				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	361,843	5,299,323	66,937	201,805	5,929,908	166,265	7,175,589	67,867	51,364	7,461,085
Segment (loss) profit	(1,248,357)	1,479,721	49,048	197,125	477,537	(1,333,821)	2,119,642	67,867	101,828	955,516

31 March 2013

	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	59,274,958	142,119,190	4,920,687	11,715,846	218,030,681
Total segment liabilities	49,390,728	79,798,319	-	2,577	129,191,624

31 December 2012 (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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

9 SEGMENT INFORMATION (Continued)

	31 March 2012				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	69,346,323	156,384,866	7,494,000	12,771,029	245,996,218
Total segment liabilities	70,535,652	87,959,297	-	2,519	158,497,468

10 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 26,121,139 (31 December 2012: KD 14,665,565 and 31 March 2012: KD 24,685,466).

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities

The methodologies and assumptions used to determine fair values of financial instruments is described in fair value section of Note 2: Significant Accounting Policies.

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.

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2013				
Financial assets available for sale	2,521,337	-	9,883,754	12,405,091
31 December 2012				
Financial assets available for sale	2,732,376	-	10,161,847	12,894,223
31 March 2012				
Financial assets available for sale	2,000,962	-	12,834,513	14,835,475

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

11 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.

	<i>At 1 January 2013 KD</i>	<i>Loss recorded in the interim condensed consolidated statement of income KD</i>	<i>Loss recorded in other comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>At 31 March 2013 KD</i>
<i>Financial assets available for sale:</i>					
Equity securities	2,555,187	-	14,025	-	2,569,212
Managed portfolio	7,606,660	(215,989)	(76,129)	-	7,314,542
		<i>Loss recorded in the interim condensed consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>At 31 March 2012 KD</i>
<i>Financial assets available for sale:</i>					
Equity securities	4,626,679	-	3,500	-	4,630,179
Managed portfolio	9,774,316	(850)	30,842	(1,599,974)	8,204,334

12 COMPARATIVE INFORMATION

Certain prior year amounts relating to 31 March 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 7,558,662 and transfer of KD 759,575 from accounts receivable and other debit balances to accounts payable and other credit balances. The effect of these reclassifications is summarized as follows:

March 31, 2012

Statement of financial position:

	<i>As previously reported KD</i>	<i>Reclassifi- cation KD</i>	<i>After reclassific- ation KD</i>
Accounts receivable and other debit balances	17,654,395	(6,799,087)	10,855,308
Advances from customers	78,988,644	(7,558,662)	71,429,982
Accounts payable and other credit balances	28,322,955	759,575	29,082,530

The above reclassification did not have any effect on the consolidated statement of income, comprehensive income or retained earnings as at 31 March 2012. Such reclassification has been made to improve the quality of information presented.

13 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly for the year ended 31 December 2012 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2012 have not yet been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2013 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2012. The Parent Company's board of directors proposed not to declare any dividend for the year ended 31 December 2012 (2011: Nil).