

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

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

30 SEPTEMBER 2014



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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.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 September 2014 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.

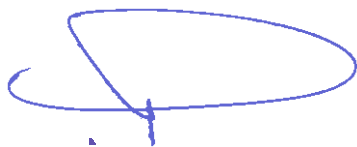
Conclusion

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.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (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 Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2014 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
EY
AL AIBAN, AL OSAIMI & PARTNERS



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

21 October 2014
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014 (UNAUDITED)

	Notes	30 September 2014 KD	(Audited) 31 December 2013 KD	30 September 2013 KD
ASSETS				
Non-current assets				
Goodwill		2,266,732	2,266,732	2,266,732
Property and equipment		446,730	358,706	287,759
Investment properties	4	91,462,727	89,094,871	84,077,106
Investment in joint ventures and associate	5	8,549,521	14,250,135	14,369,358
Financial assets available for sale		14,877,026	12,750,873	12,309,327
		<u>117,602,736</u>	<u>118,721,317</u>	<u>113,310,282</u>
Current assets				
Properties held for trading	4	88,430,663	86,385,937	86,042,126
Accounts receivable and other debit balances		9,067,466	5,563,047	5,287,963
Cash and cash equivalents	6	18,765,749	17,445,840	11,798,112
		<u>116,263,878</u>	<u>109,394,824</u>	<u>103,128,201</u>
Total assets		<u>233,866,614</u>	<u>228,116,141</u>	<u>216,438,483</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		68,827,896	64,931,977	64,931,977
Share premium		21,655,393	21,655,393	21,655,393
Statutory reserve		10,289,898	10,289,898	9,675,780
Voluntary reserve		7,354,978	7,354,978	6,740,860
Fair value reserve		2,741,969	1,408,173	1,120,933
Treasury shares	7	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		845,160	673,551	336,489
Foreign currency translation reserve		506,080	636,546	834,833
Retained earnings		7,564,454	5,797,886	1,851,600
Equity attributable to equity holders of the Parent Company		<u>97,997,647</u>	<u>90,960,221</u>	<u>85,359,684</u>
Non-controlling interests		<u>6,644,395</u>	<u>6,207,117</u>	<u>5,455,226</u>
Total equity		<u>104,642,042</u>	<u>97,167,338</u>	<u>90,814,910</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		465,328	377,211	363,252
Tawarruq payable		31,234,545	20,497,705	8,497,300
Term loans		12,500,000	22,000,000	25,750,000
		<u>44,199,873</u>	<u>42,874,916</u>	<u>34,610,552</u>
Current liabilities				
Term loans		-	1,500,000	7,000,000
Tawarruq payable		2,774,596	2,399,595	-
Deferred consideration on acquisition of properties		-	-	3,968,719
Advances from customers		73,277,396	68,662,798	61,688,531
Accounts payable and other credit balances		8,972,707	12,523,867	15,354,170
Bank overdrafts	6	-	2,987,627	3,001,601
		<u>85,024,699</u>	<u>88,073,887</u>	<u>91,013,021</u>
Total liabilities		<u>129,224,572</u>	<u>130,948,803</u>	<u>125,623,573</u>
TOTAL LIABILITIES AND EQUITY		<u>233,866,614</u>	<u>228,116,141</u>	<u>216,438,483</u>

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2014 (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 KD	2013 KD	2014 KD	2013 KD
Revenue from sale of properties held for trading		4,637,303	5,602,370	10,888,828	17,047,843
Rental income		1,417,123	1,015,865	3,882,770	2,850,321
Net management fees and commission income		100,476	158,113	527,257	489,915
REVENUE		6,154,902	6,776,348	15,298,855	20,388,079
Cost of sale of properties held for trading		(4,459,247)	(4,151,844)	(9,101,133)	(14,286,385)
Cost of rental		(258,555)	(311,064)	(807,554)	(873,621)
COST OF REVENUE		(4,717,802)	(4,462,908)	(9,908,687)	(15,160,006)
GROSS PROFIT		1,437,100	2,313,440	5,390,168	5,228,073
General and administrative expenses		(1,758,651)	(610,817)	(3,669,222)	(2,268,541)
Gain on disposal of investment properties		73,507	-	183,189	-
Share of results of joint venture and associates		32,607	11,462	994,231	314,927
Gain on disposal of an associate	5	2,034,869	25,657	2,928,815	25,657
Net investment income (loss)		1,212,839	5,000	1,221,952	(635,678)
Impairment charge on properties held for trading		-	-	-	(190,833)
Interest income		12,729	17,859	40,487	62,279
Finance costs		(550,569)	(653,648)	(1,751,867)	(1,974,805)
Other income (expense)	8	160,031	(640,844)	663,027	609,897
Foreign exchange gain (loss)		53,752	(7,299)	17,890	3,420
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		2,708,214	460,810	6,018,670	1,174,396
KFAS		(23,773)	-	(52,509)	-
NLST		(47,419)	-	(109,608)	-
Zakat		(12,117)	-	(25,893)	-
		2,624,905	460,810	5,830,660	1,174,396
Attributable to:					
Equity holders of the Parent Company		2,564,333	402,442	5,662,487	826,529
Non-controlling interests		60,572	58,368	168,173	347,867
PROFIT FOR THE PERIOD		2,624,905	460,810	5,830,660	1,174,396
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	4.14 fils	0.65 fils	9.14 fils	1.33 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2014 (UNAUDITED)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	2,624,905	460,810	5,830,660	1,174,396
Other comprehensive income (loss):				
Net changes in fair value of financial assets available for sale	1,410,939	164,485	1,345,749	(436,931)
Transferred to income statement on impairment of financial assets available for sale	-	-	52,016	520,966
Transferred to income statement on sale of financial assets available for sale	-	(5,749)	(61,129)	119,712
Foreign currency translation adjustments	609,399	(238,633)	(130,466)	347,015
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	2,020,338	(79,897)	1,206,170	550,762
Total comprehensive income for the period	4,645,243	380,913	7,036,830	1,725,158
Attributable to:				
Equity holders of the Parent Company	4,589,048	291,913	6,865,817	1,366,614
Non-controlling interests	56,195	89,000	171,013	358,544
	4,645,243	380,913	7,036,830	1,725,158

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014 (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 2014	64,931,977	21,655,393	10,289,898	7,354,978	1,408,173	(21,788,181)	673,551	636,546	5,797,886	90,960,221	6,207,117	97,167,338
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the period	-	-	-	-	1,333,796	-	-	(130,466)	5,662,487	5,662,487	168,173	5,830,660
Total comprehensive income (loss) for the period	-	-	-	-	1,333,796	-	-	(130,466)	5,662,487	5,662,487	168,173	5,830,660
Issue of bonus shares (note 13)	3,895,919	-	-	-	-	-	-	-	(3,895,919)	-	-	-
Partial disposal of a subsidiary	-	-	-	-	-	-	171,609	-	-	171,609	266,265	437,874
At 30 September 2014	68,827,896	21,655,393	10,289,898	7,354,978	2,741,969	(21,788,181)	845,160	506,080	7,564,454	97,997,647	6,644,395	104,642,042
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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2014(UNAUDITED)

		Nine months ended 30 September	
		2014 KD	2013 KD
Notes			
OPERATING ACTIVITIES			
Profit for the period before KFAS, Zakat and NLST		6,018,670	1,174,396
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation		85,013	45,458
Gain on disposal of investment properties		(183,189)	-
Net investment (income) loss		(1,221,952)	635,678
Share of results from joint venture and associate		(994,231)	(314,927)
Other income		-	(2,322,361)
Impairment charge on properties held for trading		-	190,833
Gain on disposal of an associate	5	(2,928,815)	(25,657)
Interest income		(40,487)	(62,279)
Finance costs		1,751,867	1,974,805
Foreign exchange gain		(17,890)	(3,420)
Provision for employees' end of service benefits		140,003	68,514
		2,608,989	1,361,040
Working capital adjustments:			
Investment properties		-	-
Properties held for trading		(1,493,373)	4,630,421
Accounts receivable and other debit balances		(3,486,529)	672,155
Accounts payable and other credit balances		(3,739,170)	(7,006,048)
Advances from customers		4,614,598	(381,448)
Cash flows used in operations		(1,774,372)	(723,880)
Employees' end of service benefits paid		(51,886)	(42,173)
Net cash flows used in operating activities		(1,826,258)	(766,053)
INVESTING ACTIVITIES			
(Increase) decrease in restricted cash balances		(3,953,594)	783,052
Purchase of property and equipment		(173,037)	(172,304)
Dividend received from an associate		287,019	299,292
Addition to investment properties		(4,788,218)	214,079
Proceeds from disposal of investment properties		2,921,800	-
Dividend income received		-	5,000
Movement in current account with joint venture	5	1,242,506	3,918,125
Proceeds received on partial disposal of an associate		3,012,389	536,267
Proceeds from sale of financial assets available for sale	5	5,686,303	137,290
Proceeds from partial disposal of a subsidiary		437,874	1,249,924
Interest income received		40,487	62,279
Net cash flows from investing activities		4,713,529	7,033,004
FINANCING ACTIVITIES			
Net movement in term loans		(11,000,000)	(5,250,000)
Net movement in tawarruq payables		11,111,840	(2,700)
Finance costs paid		(1,472,979)	(1,974,805)
Net cash flows used in financing activities		(1,361,139)	(7,227,505)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		1,526,132	(960,554)
Foreign currency translation adjustments		(1,172,190)	64,489
Cash and cash equivalents at the beginning of the period		8,311,357	4,266,287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
6		8,665,299	3,370,222

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

1 CORPORATE INFORMATION

Al Mazaya Holding Company K.S.C.P. (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 Mazaya Tower 01, Al Murqab, P.O. Box 3546, Safat 13036, State of Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2014 was authorised for issue in accordance with a resolution of the Board of Directors on 21 October 2014.

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 2013. 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 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2013.

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 2013, except for the adoption of the following amendment to International Accounting Standards Board (IASB) Standard, applicable to the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Adoption of this standard did not result in any change to the interim condensed consolidated financial information of the Group.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the interim condensed consolidated financial information of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 September 2014 (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 weighted average numbers of treasury shares.

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

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</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	2,564,333	402,442	5,662,487	826,529
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	688,278,956	688,278,956	688,278,956	688,278,956
Less: weighted average number of treasury shares	(68,690,262)	(68,690,262)	(68,690,262)	(68,690,262)
Weighted average number of shares outstanding	619,588,694	619,588,694	619,588,694	619,588,694
Basic and diluted earning per share attributable to the equity holders of the Parent Company	4.14 fils	0.65 fils	9.14 fils	1.33 fils

The weighted average number of ordinary shares and treasury shares data used to compute basic and diluted earnings per share for the comparative period have been restated to take account of the bonus shares issued during the period (note 13).

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 2013 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 2014.

5 INVESTMENT IN JOINT VENTURE AND ASSOCIATE

During the three months period ended 30 September 2014, the Group has lost significant influence on one of its associate Mazaya Qatar Real Estate Development Q.S.C. (Mazaya Qatar) and accordingly this investment has been classified as financial assets available for sale and carried at fair value. The Group realised a gain of KD 2,034,869 being the difference between the carrying value and fair value of the equity interest in Mazaya Qatar as on the date of reclassification and it included in gain on disposal of an associate in the interim condensed consolidated statement of income.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 September 2014 (UNAUDITED)

6 CASH AND CASH EQUIVALENTS

	30 September 2014 KD	(Audited) 31 December 2013 KD	30 September 2013 KD
Cash in hand and at banks	18,733,454	17,516,278	11,889,410
Cash in portfolios	32,295	(70,438)	(91,298)
	<u>18,765,749</u>	<u>17,445,840</u>	<u>11,798,112</u>
Bank overdrafts	-	(2,987,627)	(3,001,601)
	<u>18,765,749</u>	<u>14,458,213</u>	<u>8,796,511</u>
Restricted bank balances	<u>(10,100,450)</u>	<u>(6,146,856)</u>	<u>(5,426,289)</u>
	<u><u>8,665,299</u></u>	<u><u>8,311,357</u></u>	<u><u>3,370,222</u></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.

7 TREASURY SHARES

	30 September 2014	(Audited) 31 December 2013	30 September 2013
Number of shares	68,690,262	64,802,134	64,802,113
Percentage of issued shares (%)	9.98	9.98	9.98
Market value (KD)	9,616,637	6,480,213	6,739,420

8 OTHER INCOME (EXPENSES)

In the previous year, other income mainly included, a gain of KD 964,791 that arose on settlement of a liability included in accounts payable and other credit balances payable to a broker and the remaining balance amount comprised gain from forfeiture of advances from customers due to cancellation of previously sold properties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 September 2014 (UNAUDITED)**9 RELATED PARTY TRANSACTIONS**

These represent transactions with related parties, major shareholders, associates, 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:

	<i>Associates</i> <i>KD</i>	<i>Total</i> <i>30 September</i> <i>2014</i> <i>KD</i>	<i>Total</i> <i>30 September</i> <i>2013</i> <i>KD</i>
Interim condensed consolidated statement of income:			
Revenue from sale of properties held for trading	-	-	4,668,299
Net management fees and commission income	156,703	156,703	336,283
Net rental income	108,616	108,616	105,735

	<i>Major shareholders</i> <i>KD</i>	<i>Associates</i> <i>KD</i>	<i>Total</i> <i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Interim condensed consolidated statement of financial position:					
Amounts due from related parties *	-	728,739	728,739	717,282	616,377
Amounts due to related parties *	-	-	-	-	6,021,071
Cash and cash equivalents	-	-	-	-	6,217

* 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:

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Salaries and other short term benefits	517,698	242,865
Terminal benefits	34,825	42,110
	<u>552,523</u>	<u>284,975</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 September 2014 (UNAUDITED)

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 2014					Nine month period 30 September 2013				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	1,875,367	12,944,668	322,117	156,703	15,298,855	943,721	18,885,250	222,972	336,136	20,388,079
Segment (loss) profit	(309,643)	581,943	266,303	5,292,057	5,830,660	(1,281,804)	1,850,430	222,972	382,798	1,174,396
As at 30 September 2014										
Total segment assets	73,814,687	145,640,132	5,142,572	9,269,223	233,866,614	65,822,613	134,427,657	4,920,687	11,267,526	216,438,483
	50,456,110	78,760,737	-	7,725	129,224,572	53,261,730	72,346,483	-	15,360	125,623,573
As at 31 December 2013 (Audited)										
Total segment assets	68,668,247	142,856,067	5,142,572	11,449,255	228,116,141	53,239,752	77,693,429	-	15,622	130,948,803
	53,239,752	77,693,429	-	15,622	130,948,803	53,239,752	77,693,429	-	15,622	130,948,803

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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 17,395,967 (31 December 2013: KD 17,777,462 and 30 September 2013: KD 27,218,686).

12 FAIR VALUES OF FINANCIAL AND NON FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair values of assets 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.

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.

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

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
30 September 2014			
Financial assets available for sale	5,316,897	7,658,308	12,975,205
31 December 2013			
Financial assets available for sale	2,706,947	7,478,115	10,185,062
30 September 2013			
Financial assets available for sale	2,462,954	7,138,075	9,601,029

Certain unquoted investments with carrying value of KD 1,901,821 (31 December 2013: KD 2,565,811; 30 September 2013: KD 2,708,298) are carried at cost less impairment.

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

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12 FAIR VALUES OF FINANCIAL AND NON 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 2014 KD</i>	<i>Gain 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 30 September 2014 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,478,115		180,193		7,658,308

	<i>At 1 January 2013 KD</i>	<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 30 September 2013 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,606,660	(344,388)	87,787	(211,984)	7,138,075

Description of significant unobservable inputs to valuation of financial assets:

Managed portfolio and funds have been valued based on Net Asset Value (NAV) provided by the custodian of the fund and the information relating to valuation techniques and significant unobservable inputs to valuation to compute the sensitivity of the fair value measurement to changes in unobservable inputs in not available.

13 ANNUAL GENERAL ASSEMBLY AND BONUS SHARES

At the annual general meeting and extraordinary general meeting of the shareholders held on 19 March 2014, 6% bonus shares (2012: Nil) for the financial year ended 31 December 2013 was approved. The Parent Company has obtained regulatory approval for the issuance of bonus shares and accordingly notified the Kuwait stock exchange to adjust the authorised and fully paid up share capital to comprise of 688,278,956 number of shares of 100 fils each.

The proposed board of director's remuneration amounting to KD 85,000 for the year ended 31 December 2013 was approved by the general assembly held on 19 March 2014.