

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

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION ( UNAUDITED)  
30 June 2013



MAZAYA

AIM TO LEAD



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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 June 2013 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and six 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 six 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. (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 six months period ended 30 June 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 six months period ended 30 June 2013.



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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 July 2013  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013(UNAUDITED)

		30 June 2013 KD	(Audited) 31 December 2012 KD	30 June 2012 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		2,266,732	2,266,732	3,091,732
Property and equipment		159,300	160,913	159,880
Investment properties	4	84,497,530	74,474,146	74,757,501
Investment in joint ventures	5	941,043	4,548,739	3,689,211
Investment in associates		13,918,290	14,082,064	13,590,388
Financial assets available for sale		12,176,328	12,894,223	13,300,250
		<u>113,959,223</u>	<u>108,426,817</u>	<u>108,588,962</u>
<b>Current assets</b>				
Properties held for trading	4	89,026,276	93,788,246	102,026,600
Accounts receivable and other debit balances		5,124,986	5,446,486	5,436,583
Cash and cash equivalents	6	12,385,469	13,391,425	17,592,093
		<u>106,536,731</u>	<u>112,626,157</u>	<u>125,055,276</u>
<b>Total assets</b>		<u>220,495,954</u>	<u>221,052,974</u>	<u>233,644,238</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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		992,828	927,863	195,382
Treasury shares	7	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		(369,033)	(369,033)	(369,033)
Foreign currency translation reserve		1,073,466	487,818	578,379
Retained earnings		1,449,158	1,025,071	1,596,891
Equity attributable to equity holders of the Parent Company		<u>84,362,248</u>	<u>83,287,548</u>	<u>83,159,338</u>
Non-controlling interests		4,821,825	4,552,280	5,178,422
<b>Total equity</b>		<u>89,184,073</u>	<u>87,839,828</u>	<u>88,337,760</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		370,071	336,911	296,746
Tawarruq payable		4,997,300	-	-
Term loans		27,250,000	31,000,000	38,000,000
		<u>32,617,371</u>	<u>31,336,911</u>	<u>38,296,746</u>
<b>Current liabilities</b>				
Term loans		7,250,000	7,000,000	3,000,000
Murabaha and wakala payables		3,500,000	8,500,000	8,500,000
Deferred consideration on acquisition of properties		4,005,766	3,947,108	3,846,968
Advances from customers		62,747,617	62,069,979	67,255,102
Accounts payable and other credit balances		18,172,189	17,443,352	21,442,363
Bank overdrafts	6	3,018,938	2,915,796	2,965,299
		<u>98,694,510</u>	<u>101,876,235</u>	<u>107,009,732</u>
<b>Total liabilities</b>		<u>131,311,881</u>	<u>133,213,146</u>	<u>145,306,478</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>220,495,954</u>	<u>221,052,974</u>	<u>233,644,238</u>

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 June 2013(UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 KD	2012 KD	2013 KD	2012 KD
Revenue from sale of properties held for trading		6,636,705	8,700,353	11,445,473	15,446,350
Rental income		971,707	684,468	1,834,456	1,265,203
Net management fees and commission income		73,410	372,357	331,801	506,710
<b>REVENUE</b>		<b>7,681,822</b>	<b>9,757,178</b>	<b>13,611,730</b>	<b>17,218,263</b>
Cost of sale of properties held for trading		(5,774,381)	(5,324,696)	(10,134,541)	(10,070,370)
Cost of rental		(311,455)	(258,115)	(562,557)	(491,707)
<b>COST OF REVENUE</b>		<b>(6,085,836)</b>	<b>(5,582,811)</b>	<b>(10,697,098)</b>	<b>(10,562,077)</b>
<b>GROSS PROFIT</b>		<b>1,595,986</b>	<b>4,174,367</b>	<b>2,914,632</b>	<b>6,656,186</b>
General and administrative expenses		(862,428)	(691,416)	(1,657,771)	(1,437,693)
Net investment loss		(122,408)	(1,436,738)	(640,677)	(1,468,892)
Share of results of associates		(14,136)	(16,837)	(4,349)	(9,264)
Share of results of joint ventures		267,404	231,809	307,814	446,993
Provisions no longer required	8	512,554	-	1,477,345	-
Net impairment charge on properties held for trading		(790)	(698,634)	(190,787)	(698,634)
Interest income		18,903	32,485	44,419	72,705
Finance costs		(681,961)	(788,242)	(1,321,157)	(1,640,118)
Other expenses		(463,983)	(209,449)	(226,603)	(291,584)
Foreign exchange (loss) gain		(13,092)	(42,587)	10,720	(74,403)
<b>Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat</b>		<b>236,049</b>	<b>554,758</b>	<b>713,586</b>	<b>1,555,296</b>
KFAS		-	(5,548)	-	(15,553)
NLST		-	(13,869)	-	(38,883)
Zakat		-	(5,548)	-	(15,553)
		<b>236,049</b>	<b>529,793</b>	<b>713,586</b>	<b>1,485,307</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		210,342	646,458	424,087	1,596,891
Non-controlling interests		25,707	(116,665)	289,499	(111,584)
<b>PROFIT FOR THE PERIOD</b>		<b>236,049</b>	<b>529,793</b>	<b>713,586</b>	<b>1,485,307</b>
<b>BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>0.36 fils</b>	1.11 fils	<b>0.73 fils</b>	2.73 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 June 2013(UNAUDITED)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>236,049</b>	529,793	<b>713,586</b>	1,485,307
<b>Other comprehensive income (loss):</b>				
Changes in fair value of financial assets available for sale	(116,022)	(1,610,916)	(601,416)	(1,705,774)
Transferred to income statement on impairment of financial assets available for sale	2,582	1,556,943	520,966	1,610,105
Transferred to income statement on sale of financial assets available for sale	125,575	-	125,461	(33,205)
Foreign currency translation adjustments	96,832	359,504	585,648	114,731
Other comprehensive income (loss) for the period	108,967	305,531	630,659	(14,143)
<b>Total comprehensive income for the period</b>	<b>345,016</b>	835,324	<b>1,344,245</b>	1,471,164
<b>Attributable to:</b>				
Equity holders of the Parent Company	318,552	948,301	1,074,700	1,579,304
Non-controlling interests	26,464	(112,977)	269,545	(108,140)
	<b>345,016</b>	835,324	<b>1,344,245</b>	1,471,164

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 CHANGES IN EQUITY

For the period ended 30 June 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 (accumulated losses) 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	-	-	-	-	-	-	-	-	424,087	424,087	289,499	713,586
Other comprehensive income (loss) for the period	-	-	-	-	64,965	-	-	585,648	-	650,613	(19,954)	630,659
Total comprehensive income for the period	-	-	-	-	64,965	-	-	585,648	424,087	1,074,700	269,545	1,344,245
<b>At 30 June 2013</b>	<b>64,931,977</b>	<b>21,655,393</b>	<b>9,675,780</b>	<b>6,740,860</b>	<b>992,828</b>	<b>(21,788,181)</b>	<b>(369,033)</b>	<b>1,073,466</b>	<b>1,449,158</b>	<b>84,362,248</b>	<b>4,821,825</b>	<b>89,184,073</b>
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 for the period	-	-	-	-	-	-	-	-	1,596,891	1,596,891	(111,584)	1,485,307
Other comprehensive (loss) income for the period	-	-	-	-	(132,318)	-	-	114,731	-	(17,587)	3,444	(14,143)
Total comprehensive (loss) income for the period	-	-	-	-	(132,318)	-	-	114,731	1,596,891	1,579,304	(108,140)	1,471,164
Extinguishment of accumulated losses against share premium	-	(58,105,339)	-	-	-	-	-	-	58,105,339	-	-	-
At 30 June 2012	64,931,977	21,655,393	9,646,725	6,711,805	195,382	(21,788,181)	(369,033)	578,379	1,596,891	83,159,338	5,178,422	88,337,760

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2013(UNAUDITED)

	Notes	Six months ended 30 June	
		2013 KD	2012 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		713,586	1,485,307
Adjustments to reconcile profit to net cash flows:			
Depreciation		29,284	49,260
Allowance for doubtful debts		-	1,388
Net investment loss		640,677	1,468,892
Share of results of joint ventures		(307,814)	(446,993)
Share of results of associates		4,349	9,264
Provisions no longer required	8	(1,477,345)	-
Net impairment charge on properties held for trading		190,787	698,634
Interest income		(44,419)	(72,705)
Finance costs		1,321,157	1,640,118
Foreign exchange (gain) loss		(10,720)	74,403
Provision for employees' end of service benefits		64,583	48,503
		<u>1,124,125</u>	<u>4,956,071</u>
Working capital adjustments:			
Properties held for trading		1,838,647	(1,250,942)
Accounts receivable and other debit balances		834,054	15,013,063
Accounts payable and other credit balances		(4,950,070)	(15,476,368)
Advances from customers		677,638	(6,777,157)
		<u>(475,606)</u>	<u>(3,535,333)</u>
Cash flows used in operations		(475,606)	(3,535,333)
Employees' end of service benefits paid		(31,423)	(38,647)
		<u>(507,029)</u>	<u>(3,573,980)</u>
<b>INVESTING ACTIVITIES</b>			
Decrease in restricted cash balances		799,255	1,449,377
Purchase of property and equipment		(27,671)	(79,437)
Additions to investment properties		(223,384)	(665,310)
Proceeds received on distribution of assets in joint venture	5	3,918,125	-
Dividend income from investment in associates		299,292	138,915
Purchase of financial assets available for sale		-	(2,009,101)
Proceeds from sale of financial assets available for sale		122,229	3,312,230
Interest income received		44,419	72,705
		<u>4,932,265</u>	<u>2,219,379</u>
Net cash flows from investing activities		4,932,265	2,219,379
<b>FINANCING ACTIVITIES</b>			
Term loan repaid		(3,500,000)	(1,500,000)
Net movement in tawarruq payable		(2,700)	-
Net movement in murabaha and wakala payables		-	(1,640,118)
Finance costs paid		(1,321,157)	-
		<u>(4,823,857)</u>	<u>(3,140,118)</u>
Net cash flows used in financing activities		(4,823,857)	(3,140,118)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<u>(398,621)</u>	<u>(4,494,719)</u>
Foreign currency translation adjustments		88,778	-
Cash and cash equivalents at the beginning of the period	6	4,266,287	11,956,472
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<u>3,956,444</u>	<u>7,461,753</u>
<b>NON CASH TRANSACTIONS</b>			
<b>OPERATING ACTIVITIES</b>			
Properties held for trading		(3,145,582)	-
Accounts payable and other credit balances	4	(6,000,000)	-
		<u>(9,145,582)</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>			
Investment properties	4	9,800,000	-

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2013(UNAUDITED)

### 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 June 2013 was authorised for issue in accordance with a resolution of the Board of Directors on 21 July 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, which 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 30 June 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 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 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. IFRS 13 para 9 has changed the fair value definition. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date

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.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 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</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</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	<u>210,342</u>	<u>646,458</u>	<u>424,087</u>	<u>1,596,891</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	<u>649,319,770</u>	<u>649,319,770</u>	<u>649,319,770</u>	<u>649,319,770</u>
Less: weighted average number of treasury shares	<u>(64,802,113)</u>	<u>(64,802,113)</u>	<u>(64,802,113)</u>	<u>(64,802,113)</u>
Weighted average number of shares outstanding	<u>584,517,657</u>	<u>584,517,657</u>	<u>584,517,657</u>	<u>584,517,657</u>
<b>Basic and diluted earning per share attributable to the equity holders of the Parent Company- (fils)</b>	<u><b>0.36 fils</b></u>	<u><b>1.11 fils</b></u>	<u><b>0.73 fils</b></u>	<u><b>2.73 fils</b></u>

### 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 June 2013.

During the three months period ended 30 June 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 and transfer of ownership of the properties held for trading sold to the related party is under process as at the reporting date (note 9).

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2013(UNAUDITED)

### 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

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Cash in hand and at banks	12,416,823	13,066,745	14,249,312
Short term deposits	-	146,222	3,362,932
Cash in portfolios	(31,354)	178,458	(20,151)
	<u>12,385,469</u>	<u>13,391,425</u>	<u>17,592,093</u>
Bank overdrafts	(3,018,938)	(2,915,796)	(2,965,299)
	<u>9,366,531</u>	<u>10,475,629</u>	<u>14,626,794</u>
Restricted bank balances	(5,410,087)	(6,209,342)	(7,165,041)
	<u><u>3,956,444</u></u>	<u><u>4,266,287</u></u>	<u><u>7,461,753</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

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
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)	7,517,045	4,730,554	4,406,544

### 8 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 KD 512,554 arising on reversal of provision due to recovery of accounts receivable and other debit balances previously provided for.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2013(UNAUDITED)

### 9 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:

	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Total 30 June 2013 KD</i>	<i>30 June 2012 KD</i>
<b>Consolidated statement of income:</b>					
Revenue from sale of properties held for trading (Note 4)	-	-	4,668,299	4,668,299	-
Net management fees and commission income	-	237,349	-	237,349	230,991
Net rental income	71,179	-	-	71,179	136,203

  

	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Total 30 June 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 June 2012 KD</i>
<b>Consolidated statement of financial position:</b>						
Amounts due from related parties *	167,157	262,830	502,725	932,712	1,121,759	1,216,564
Amounts due to related parties * (Note 4)	113,064	-	6,000,000	6,113,064	173,438	2,135,868
Cash and cash equivalents	69,193	-	-	69,193	261,952	-

#### Other transaction

During the three months period ended 30 June 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 member for the period are as follows:

	<i>30 June 2013 KD</i>	<i>30 June 2012 KD</i>
Salaries and other short term benefits	161,910	137,677
Terminal benefits	28,073	6,976
	<u>189,983</u>	<u>144,653</u>

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

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2013(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.

	Six month period 30 June 2013				Six month period 30 June 2012					
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	816,676	12,420,944	136,761	237,349	13,611,730	361,790	16,415,663	152,136	288,674	17,218,263
Segment (loss) profit	(1,732,570)	2,176,028	107,015	163,113	713,586	(4,114,700)	5,195,564	140,853	263,590	1,485,307
	<b>30 June 2013</b>									
Total segment assets	64,209,335	139,628,736	4,920,687	11,737,196	220,495,954	63,372,608	147,745,350	5,584,910	16,941,370	233,644,238
Total segment liabilities	53,058,377	78,238,144	-	15,360	131,311,881	88,711,578	56,593,534	-	1,366	145,306,478
	<b>31 December 2012(Audited)</b>									
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 30 June 2013(UNAUDITED)

#### 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 26,093,205 (31 December 2012: KD 14,665,565 and 30 June 2012: KD 23,952,803).

#### 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:

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>30 June 2013</b>			
Financial assets available for sale	2,377,941	9,798,387	12,176,328
<b>31 December 2012</b>			
Financial assets available for sale	2,732,376	10,161,847	12,894,223
<b>30 June 2012</b>			
Financial assets available for sale	2,233,850	11,066,400	13,300,250

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
30 June 2013(UNAUDITED)

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.

	<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 30 June 2013 KD</i>
<i>Financial assets available for sale:</i>					
Equity securities	2,555,187	-	289,052	-	2,844,239
Managed portfolio	7,606,660	(344,388)	(96,140)	(211,984)	6,954,148

	<i>At 1 January 2012 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 June 2012 KD</i>
<i>Financial assets available for sale:</i>					
Equity securities	4,626,679	(920,405)	(239,997)	-	3,466,277
Managed portfolio	9,774,316	(580,770)	(28,130)	(1,565,293)	7,600,123

13 COMPARATIVE INFORMATION

Certain prior year amounts relating to 30 June 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 6,419,729 and transfer of KD 664,536 from accounts receivable and other debit balances to accounts payable and other credit balances. The effect of these reclassifications is summarized as follows:

30 June 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	11,191,776	(5,755,193)	5,436,583
Advances from customers	73,674,831	(6,419,729)	67,255,102
Accounts payable and other credit balances	20,777,827	664,536	21,442,363

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
30 June 2013(UNAUDITED)

**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).