

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

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION ( UNAUDITED)  
30 June 2014



MAZAYA

AIM TO LEAD



Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74  
18-21st Floor, Baitak Tower  
Ahmed Al Jaber Street  
Safat Square 13001, Kuwait

Tel: +965 2295 5000  
Fax: +965 2245 6419  
kuwait@kw.ey.com  
ey.com/mena



**BAKER TILLY  
KUWAIT**

Dr. Saud Hamed Al-Humaidi & Partners  
Public Accountants

P.O.Box 1486,  
Safat 13015 Kuwait  
Tel: +965 22443222  
22442333  
Fax : +965 22461225  
www.bakertillykuwait.com

## **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 June 2014 and the related interim condensed consolidated statement of income and 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.

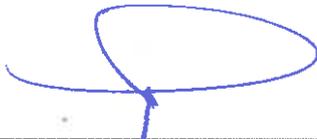
### *Conclusion*

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.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 six months period ended 30 June 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

17 July 2014  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 (UNAUDITED)

	Notes	30 June 2014 KD	(Audited) 31 December 2013 KD	30 June 2013 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		2,266,732	2,266,732	2,266,732
Property and equipment		454,520	358,706	159,300
Investment properties	4	86,882,486	89,094,871	84,497,530
Investment in joint ventures and associate		11,763,285	14,250,135	14,859,333
Financial assets available for sale		12,036,818	12,750,873	12,176,328
		<u>113,403,841</u>	<u>118,721,317</u>	<u>113,959,223</u>
<b>Current assets</b>				
Properties held for trading	4	84,695,395	86,385,937	89,026,276
Accounts receivable and other debit balances		6,990,671	5,563,047	5,124,986
Cash and cash equivalents	5	21,570,875	17,445,840	12,385,469
		<u>113,256,941</u>	<u>109,394,824</u>	<u>106,536,731</u>
<b>Total assets</b>		<u>226,660,782</u>	<u>228,116,141</u>	<u>220,495,954</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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		1,326,653	1,408,173	992,828
Treasury shares	6	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		842,888	673,551	(369,033)
Foreign currency translation reserve		(103,319)	636,546	1,073,466
Retained earnings		5,000,121	5,797,886	1,449,158
Equity attributable to equity holders of the Parent Company		<u>93,406,327</u>	<u>90,960,221</u>	<u>84,362,248</u>
Non-controlling interests		6,581,825	6,207,117	4,821,825
<b>Total equity</b>		<u>99,988,152</u>	<u>97,167,338</u>	<u>89,184,073</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		492,798	377,211	370,071
Tawarruq payable		19,655,598	20,497,705	4,997,300
Term loans		21,000,000	22,000,000	27,250,000
		<u>41,148,396</u>	<u>42,874,916</u>	<u>32,617,371</u>
<b>Current liabilities</b>				
Term loans		1,750,000	1,500,000	7,250,000
Tawarruq payable		2,649,595	2,399,595	-
Murabaha and wakala payables		-	-	3,500,000
Deferred consideration on acquisition of properties		-	-	4,005,766
Advances from customers		71,693,675	68,662,798	62,747,617
Accounts payable and other credit balances		8,205,964	12,523,867	18,172,189
Bank overdrafts	5	1,225,000	2,987,627	3,018,938
		<u>85,524,234</u>	<u>88,073,887</u>	<u>98,694,510</u>
<b>Total liabilities</b>		<u>126,672,630</u>	<u>130,948,803</u>	<u>131,311,881</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>226,660,782</u>	<u>228,116,141</u>	<u>220,495,954</u>

Rasheed Y. Al Nafisi  
Chairman

Ibrahim A. Al Soqabi  
Chief Executive Officer

The attached notes 1 to 12 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 June 2014 (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 KD	2013 KD	2014 KD	2013 KD
Revenue from sale of properties held for trading		4,288,768	6,636,705	6,251,525	11,445,473
Rental income		1,291,859	971,707	2,465,647	1,834,456
Net management fees and commission income		72,453	73,410	426,781	331,801
<b>REVENUE</b>		<b>5,653,080</b>	<b>7,681,822</b>	<b>9,143,953</b>	<b>13,611,730</b>
Cost of sale of properties held for trading		(3,258,565)	(5,774,381)	(4,641,886)	(10,134,541)
Cost of rental		(254,717)	(311,455)	(548,999)	(562,557)
<b>COST OF REVENUE</b>		<b>(3,513,282)</b>	<b>(6,085,836)</b>	<b>(5,190,885)</b>	<b>(10,697,098)</b>
<b>GROSS PROFIT</b>		<b>2,139,798</b>	<b>1,595,986</b>	<b>3,953,068</b>	<b>2,914,632</b>
General and administrative expenses		(976,224)	(862,428)	(1,910,571)	(1,657,771)
Gain on disposal of investment properties		-	-	109,682	-
Share of results of joint venture and associates		57,577	253,268	961,624	303,465
Gain on partial disposal of an associate		892,836	-	893,946	-
Net investment (loss) income		(49,304)	(122,408)	9,113	(640,677)
Other income	7	259,516	48,571	502,996	1,250,742
Impairment charge on properties held for trading		-	(790)	-	(190,787)
Interest income		12,492	18,903	27,758	44,419
Finance costs		(578,402)	(681,961)	(1,201,298)	(1,321,157)
Foreign exchange (loss) gain		(32,848)	(13,092)	(35,862)	10,720
<b>Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat</b>		<b>1,725,441</b>	<b>236,049</b>	<b>3,310,456</b>	<b>713,586</b>
KFAS		(15,038)	-	(28,736)	-
NLST		(28,675)	-	(62,189)	-
Zakat		(5,469)	-	(13,776)	-
		<b>1,676,259</b>	<b>236,049</b>	<b>3,205,755</b>	<b>713,586</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		1,627,058	210,342	3,098,154	424,087
Non-controlling interests		49,201	25,707	107,601	289,499
<b>PROFIT FOR THE PERIOD</b>		<b>1,676,259</b>	<b>236,049</b>	<b>3,205,755</b>	<b>713,586</b>
<b>BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>2.63 fils</b>	<b>0.34 fils</b>	<b>5.00 fils</b>	<b>0.68 fils</b>

The attached notes 1 to 12 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 June 2014 (UNAUDITED)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>
<b>Profit for the period</b>	<b>1,676,259</b>	236,049	<b>3,205,755</b>	713,586
<b>Other comprehensive income (loss):</b>				
Net changes in fair value of financial assets available for sale	39,229	(116,022)	(65,190)	(601,416)
Transferred to income statement on impairment of financial assets available for sale	52,016	2,582	52,016	520,966
Transferred to income statement on sale of financial assets available for sale	(2,712)	125,575	(61,129)	125,461
Foreign currency translation adjustments	39,164	96,832	(739,865)	585,648
<b>Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</b>	<b>127,697</b>	108,967	<b>(814,168)</b>	630,659
<b>Total comprehensive income for the period</b>	<b>1,803,956</b>	345,016	<b>2,391,587</b>	1,344,245
<b>Attributable to:</b>				
Equity holders of the Parent Company	1,747,521	318,552	2,276,769	1,074,700
Non-controlling interests	56,435	26,464	114,818	269,545
	<b>1,803,956</b>	345,016	<b>2,391,587</b>	1,344,245

The attached notes 1 to 12 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 June 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	-	-	-	-	-	-	-	-	3,098,154	3,098,154	107,601	3,205,755
Other comprehensive (loss) income for the period	-	-	-	-	(81,520)	-	-	(739,865)	-	(821,385)	7,217	(814,168)
Total comprehensive (loss) income for the period	-	-	-	-	(81,520)	-	-	(739,865)	3,098,154	2,276,769	114,818	2,391,587
Issue of bonus shares (note 12)	3,895,919	-	-	-	-	-	-	-	(3,895,919)	-	-	-
Partial disposal of a subsidiary	-	-	-	-	-	-	169,337	-	-	169,337	259,890	429,227
<b>At 30 June 2014</b>	<b>68,827,896</b>	<b>21,655,393</b>	<b>10,289,898</b>	<b>7,354,978</b>	<b>1,326,653</b>	<b>(21,788,181)</b>	<b>842,888</b>	<b>(103,319)</b>	<b>5,000,121</b>	<b>93,406,327</b>	<b>6,581,825</b>	<b>99,988,152</b>
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>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2014(UNAUDITED)

	Notes	Six months ended 30 June	
		2014 KD	2013 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before KFAS, Zakat and NLST		3,310,456	713,586
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation		50,448	29,284
Gain on disposal of investment properties		(109,682)	-
Net investment (income) loss		(9,113)	640,677
Share of results from joint venture and associate		(961,624)	(303,465)
Other income		-	(1,477,345)
Net impairment charge on properties held for trading		-	190,787
Gain on partial disposal of an associate		(893,946)	-
Interest income		(27,758)	(44,419)
Finance costs		1,201,298	1,321,157
Foreign exchange loss (gain)		35,862	(10,720)
Provision for employees' end of service benefits		116,676	64,583
		<u>2,712,617</u>	<u>1,124,125</u>
Working capital adjustments:			
Properties held for trading		1,728,780	1,838,647
Accounts receivable and other debit balances		(1,463,486)	834,054
Accounts payable and other credit balances		(4,422,604)	(4,950,070)
Advances from customers		3,030,877	677,638
		<u>1,586,184</u>	<u>(475,606)</u>
Cash flows from (used in) operations		(1,089)	(31,423)
Employees' end of service benefits paid			
Net cash flows from (used in) operating activities		<u>1,585,095</u>	<u>(507,029)</u>
<b>INVESTING ACTIVITIES</b>			
(Increase) decrease in restricted cash balances		(4,295,415)	799,255
Purchase of property and equipment		(146,262)	(27,671)
Addition to investment properties		(438,840)	(223,384)
Proceeds from disposal of investment properties		2,623,100	-
Dividend income from investment in associates		287,019	299,292
Movement in current account with joint venture		1,209,899	3,918,125
Proceeds received on partial disposal of an associate		2,807,322	-
Proceeds from sale of financial assets available for sale		654,100	122,229
Proceeds from partial disposal of a subsidiary		429,227	-
Interest income received		27,758	44,419
		<u>3,157,908</u>	<u>4,932,265</u>
Net cash flows from investing activities			
<b>FINANCING ACTIVITIES</b>			
Term loan repaid		(750,000)	(3,500,000)
Net movement in tawarruq payables		(592,107)	(2,700)
Finance costs paid		(1,201,298)	(1,321,157)
		<u>(2,543,405)</u>	<u>(4,823,857)</u>
Net cash flows used in financing activities			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>2,199,598</u>	<u>(398,621)</u>
Foreign currency translation adjustments		(607,351)	88,778
Cash and cash equivalents at the beginning of the period		8,311,357	4,266,287
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<u>9,903,604</u>	<u>3,956,444</u>
<b>NON CASH TRANSACTIONS</b>			
<b>OPERATING ACTIVITIES</b>			
Properties held for trading		-	(3,145,582)
Accounts payable and other credit balances		-	(6,000,000)
		<u>-</u>	<u>(9,145,582)</u>
<b>INVESTING ACTIVITIES</b>			
Investment properties		-	9,800,000

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

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

### 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 June 2014 was authorised for issue in accordance with a resolution of the Board of Directors on 17 July 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 June 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.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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	<b>1,627,058</b>	210,342	<b>3,098,154</b>	424,087
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	<b>688,278,956</b>	688,278,956	<b>688,278,956</b>	688,278,956
Less: weighted average number of treasury shares	<b>(68,690,262)</b>	(68,690,262)	<b>(68,690,262)</b>	(68,690,262)
Weighted average number of shares outstanding	<b>619,588,694</b>	619,588,694	<b>619,588,694</b>	619,588,694
<b>Basic and diluted earning per share attributable to the equity holders of the Parent Company</b>	<b>2.63 fils</b>	0.34 fils	<b>5.00 fils</b>	0.68 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 12).

### 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 June 2014.

### 5 CASH AND CASH EQUIVALENTS

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash in hand and at banks	<b>21,537,754</b>	17,516,278	12,416,823
Cash in portfolios	<b>33,121</b>	(70,438)	(31,354)
	<b>21,570,875</b>	17,445,840	12,385,469
Bank overdrafts	<b>(1,225,000)</b>	(2,987,627)	(3,018,938)
	<b>20,345,875</b>	14,458,213	9,366,531
Restricted bank balances	<b>(10,442,271)</b>	(6,146,856)	(5,410,087)
	<b>9,903,604</b>	8,311,357	3,956,444

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.

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

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

6 TREASURY SHARES

	<b>30 June</b>	<i>(Audited)</i> <b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Number of shares	68,690,262	64,802,134	64,802,134
Percentage of issued shares (%)	9.98	9.98	9.98
Market value (KD)	7,572,415	6,480,213	7,517,045

7 OTHER INCOME

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.

8 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> <b>KD</b>	<i>Total</i> <b>30 June</b> <b>2014</b> <b>KD</b>	<i>Total</i> <b>30 June</b> <b>2013</b> <b>KD</b>
<b>Interim condensed consolidated statement of income:</b>			
Revenue from sale of properties held for trading	-	-	4,668,299
Net management fees and commission Income	98,223	98,223	237,349
Net rental income	-	-	71,179

	<i>Major shareholders</i> <b>KD</b>	<i>Associates</i> <b>KD</b>	<i>Total</i> <b>30 June</b> <b>2014</b> <b>KD</b>	<i>(Audited)</i> <b>31 December</b> <b>2013</b> <b>KD</b>	<b>30 June</b> <b>2013</b> <b>KD</b>
<b>Interim condensed consolidated statement of financial position:</b>					
Amounts due from related parties *	327,125	319,464	646,589	717,282	932,712
Amounts due to related parties *	-	-	-	-	6,113,064
Cash and cash equivalents	-	-	-	-	69,193

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

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

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

**8 RELATED PARTY TRANSACTIONS (continued)**

***Key management compensation:***

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

	<b>30 June 2014 KD</b>	<b>30 June 2013 KD</b>
Salaries and other short term benefits	<b>256,958</b>	161,910
Terminal benefits	<b>18,178</b>	28,073
	<b><u>275,136</u></b>	<b><u>189,983</u></b>

**Al Mazaya Holding Company K.S.C.P. and its Subsidiaries**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**30 June 2014 (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.

	Six month period 30 June 2014				Six month period 30 June 2013					
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	1,166,735	7,667,977	212,906	96,335	9,143,953	816,676	12,420,944	136,761	237,349	13,611,730
Segment (loss) profit	(1,592,959)	3,053,386	178,421	1,566,907	3,205,755	(1,732,570)	2,176,028	107,015	163,113	713,586
	<i>As at 30 June 2014</i>									
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	70,643,759	140,688,660	5,142,572	10,185,791	226,660,782	64,209,335	139,628,736	4,920,687	11,737,196	220,495,954
Total segment liabilities	50,156,088	76,508,816	-	7,726	126,672,630	53,058,377	78,238,144	-	15,360	131,311,881
	<i>As at 31 December 2013 (Audited)</i>									
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	68,668,247	142,856,067	5,142,572	11,449,255	228,116,141	11,449,255	228,116,141	-	-	228,116,141
Total segment liabilities	53,239,752	77,693,429	-	15,622	130,948,803	15,622	130,948,803	-	-	130,948,803

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

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

**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 18,122,156 (31 December 2013: KD 17,777,462 and 30 June 2013: KD 26,093,205).

**11 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 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<b>30 June 2014</b>			
Financial assets available for sale	2,281,801	7,823,870	10,105,671
<b>31 December 2013</b>			
Financial assets available for sale	2,706,947	7,478,115	10,185,062
<b>30 June 2013</b>			
Financial assets available for sale	2,377,941	7,600,123	9,978,064

Certain unquoted investments with carrying value of KD 1,931,147 (31 December 2013: KD 2,565,811; 30 June 2013: KD 2,198,264) are carried at cost less impairment.

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

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

11 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 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 2014 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,478,115	-	345,755	-	7,823,870

	<i>At 1 January 2013 KD</i>	<i>Loss recorded in the interim condensed statement of income KD</i>	<i>(Loss) gain 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>					
Funds and managed portfolio	9,774,316	(580,770)	(28,130)	(1,565,293)	7,600,123

**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.

12 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.