Injazzat Real Estate Development Company K.S.C.P and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 SEPTEMBER 2014 (UNAUDITED)

Grant Thornton
Al-Qatami, Al-Aiban & Partners
Souq Al Kabeer Building - Block A, 9th Floor
Tel : +(965) 2244 3900-9
Fax: +(965) 2243 8451
P.O. Box 2986, Safat 13030
Kuwait
gt@kw.gt.com
www.gtkuwait.com

EY
Building a better working world
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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development 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 interim condensed consolidated statement of comprehensive income for the three month and nine month periods then ended and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on the 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 International Accounting Standard 34, "Interim Financial Reporting".

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, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, that might have had a material effect on the business of the Parent Company or on its financial position during the nine month period ended 30 September 2014.

ABDULLATIF M. AL-AIBAN (CPA)
(LICENCE NO. 94-A)
OF GRANT THORNTON –
AL-QATAMI, AL-AIBAN & PARTNERS

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

Kuwait
27 October 2014

Injazzat Real Estate Development Company – K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 September 2014

	Notes	*Three months ended 30 September*		*Nine months ended 30 September*	
		2014 KD	*2013 KD*	***2014 KD***	*2013 KD*
Rental income		**673,824**	572,109	**1,913,917**	1,551,474
Real estate operating costs		**(271,417)**	(242,377)	**(610,151)**	(567,125)
NET RENTAL INCOME		**402,407**	329,732	**1,303,766**	984,349
Gain on sale of investment properties	5	**-**	-	**13,319**	3,445,679
Distribution income from financial assets available-for-sale		**43,990**	-	**130,467**	50,584
Management and placement fees		**18,710**	2,755	**184,002**	69,846
Profit on disposal of property and equipment		**1,980**	-	**1,980**	-
Other income		**70,039**	76,570	**216,152**	314,521
Staff costs		**(167,341)**	(165,849)	**(540,180)**	(568,192)
Depreciation		**(11,337)**	(13,589)	**(35,418)**	(40,220)
General and administrative expenses		**(62,466)**	(52,283)	**(209,135)**	(183,901)
Consultancy and professional fees		**(28,425)**	(67,539)	**(74,891)**	(138,136)
OPERATING PROFIT		**267,557**	109,797	**990,062**	3,934,530
Share of results of associates		**(1,774)**	(15,697)	**981,491**	(176,575)
Finance costs		**(388,625)**	(381,216)	**(1,149,443)**	(1,168,524)
Foreign exchange gain/(loss)		**532,780**	(131,856)	**425,113**	(231,572)
Provision for arbitration settlement		**-**	-	**-**	(350,000)
PROFIT/(LOSS) FOR THE PERIOD BEFORE PROVISIONS FOR NLST AND ZAKAT		**409,938**	(418,972)	**1,247,223**	2,007,859
Provision for National Labour Support Tax (NLST)		**(10,567)**	10,175	**(32,133)**	(51,126)
Provision for Zakat		**(4,219)**	4,407	**(12,832)**	(20,155)
Profit/(loss) for the period		**395,152**	(404,390)	**1,202,258**	1,936,578
Attributable to:					
Equity holders of the Parent Company		**395,875**	(403,795)	**1,204,341**	1,938,364
Non-controlling interests		**(723)**	(595)	**(2,083)**	(1,786)
		395,152	(404,390)	**1,202,258**	1,936,578
BASIC AND DILUTED EARNINGS/ (LOSS) PER SHARE ATTRIBUTABLE TO THE EQIUTY HOLDERS OF THE PARENT COMPANY	3	**1.2 Fils**	(1.2) Fils	**3.6 Fils**	5.7 Fils

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 September 2014

	Three months ended 30 September		*Nine months ended 30 September*	
	2014 ***KD***	*2013* *KD*	***2014*** ***KD***	*2013* *KD*
Profit/(loss)for the period	**395,152**	(404,390)	**1,202,258**	1,936,578
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Financial assets available for sale:				
- Net unrealized gain	**201,274**	4,166	**301,223**	137,265
Exchange differences arising on translation of foreign operations	**(442,333)**	117,349	**(353,246)**	73,419
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(241,059)**	121,515	**(52,023)**	210,684
Total comprehensive income/(loss) for the period	**154,093**	(282,875)	**1,150,235**	2,147,262
Attributable to:				
Equity holders of the Parent Company	**154,816**	(282,280)	**1,152,318**	2,149,048
Non-Controlling interests	**(723)**	(595)	**(2,083)**	(1,786)
Total comprehensive income/(loss) for the period	**154,093**	(282,875)	**1,150,235**	2,147,262

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

Injazzat Real Estate Development Company – K.S.C.P and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2014

	Notes	*(Unaudited) 30 September 2014* KD	*(Audited) 31 December 2013* KD	*(Unaudited) 30 September 2013* KD
ASSETS				
Cash and bank balances		**2,916,562**	6,672,324	6,723,239
Accounts receivable and other assets		**4,805,164**	8,423,598	6,846,944
Financial assets available-for-sale	4	**19,854,205**	15,363,051	13,332,270
Investment properties	5	**62,789,517**	62,188,407	66,445,211
Investment in associates		**8,532,300**	6,357,466	8,433,973
Property and equipment		**100,672**	119,578	127,935
TOTAL ASSETS		**98,998,420**	99,124,424	101,909,572
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts payable and other liabilities		**3,662,306**	4,863,823	4,658,471
Bank loans	6	**40,978,084**	40,978,084	43,134,825
TOTAL LIABILITIES		**44,640,390**	45,841,907	47,793,296
EQUITY				
Share capital		**34,564,860**	34,564,860	34,564,860
Share premium		**2,869,130**	2,869,130	2,869,130
Statutory reserve		**7,346,435**	7,346,435	7,346,435
Voluntary reserve		**3,673,218**	3,673,218	3,673,218
Treasury shares		**(1,250,898)**	(1,176,176)	(1,176,176)
Treasury shares reserve		**4,471,471**	4,471,471	4,471,471
Foreign currency translation reserve		**175,151**	528,397	534,966
Cumulative changes in fair value		**2,640,977**	2,339,754	1,958,811
Accumulated losses		**(224,896)**	(1,429,237)	(221,813)
Equity attributable to the equity holders of the Parent Company		**54,265,448**	53,187,852	54,020,902
Non-controlling interests		**92,582**	94,665	95,374
TOTAL EQUITY		**54,358,030**	53,282,517	54,116,276
TOTAL LIABILITIES AND EQUITY		**98,998,420**	99,124,424	101,909,572

Faisal Fahad Al-Shaya
Chairman

Mohammad Ibrahim Al-Farhan
Chief Executive Officer

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2014

	Equity attributable to the equity holder of the Parent Company											
	Share capital KD	*Share premium* KD	*Statutory reserve* KD	*Voluntary reserve* KD	*Treasury shares* KD	*Treasury shares reserve* KD	*Foreign currency translation reserve* KD	*Cumulative change in fair value* KD	*Accumulated losses* KD	*Sub-total* KD	*Non-controlling interests* KD	*Total equity* KD
Balance at 1 January 2014 (audited)	34,564,860	2,869,130	7,346,435	3,673,218	(1,176,176)	4,471,471	528,397	2,339,754	(1,429,237)	53,187,852	94,665	53,282,517
Profit/(loss) for the period	-	-	-	-	-	-	-	-	1,204,341	1,204,341	(2,083)	1,202,258
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(353,246)	301,223	-	(52,023)	-	(52,023)
Total comprehensive (loss)/income	-	-	-	-	-	-	(353,246)	301,223	1,204,341	1,152,318	(2,083)	1,150,235
Transaction with owners												
Purchase of treasury shares	-	-	-	-	(74,722)	-	-	-	-	(74,722)	-	(74,722)
Total transactions with owners	-	-	-	-	(74,722)	-	-	-	-	(74,722)	-	(74,722)
Balance at 30 September 2014	**34,564,860**	**2,869,130**	**7,346,435**	**3,673,218**	**(1,250,898)**	**4,471,471**	**175,151**	**2,640,977**	**(224,896)**	**54,265,448**	**92,582**	**54,358,030**
Balance at 1 January 2013 (audited)	34,564,860	2,869,130	7,346,435	3,673,218	(598,821)	4,475,901	461,547	1,821,546	(2,499,569)	52,114,247	4,636,552	56,750,799
Profit/(loss) for the period	-	-	-	-	-	-	-	-	1,938,364	1,938,364	(1,786)	1,936,578
Other comprehensive income for the period	-	-	-	-	-	-	73,419	137,265	-	210,684	-	210,684
Total comprehensive income/(loss)	-	-	-	-	-	-	73,419	137,265	1,938,364	2,149,048	(1,786)	2,147,262
Transactions with owners												
Sale of treasury shares	-	-	-	-	54,378	(4,430)	-	-	-	49,948	-	49,948
Purchase of treasury shares	-	-	-	-	(631,733)	-	-	-	-	(631,733)	-	(631,733)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	339,392	339,392	(4,539,392)	(4,200,000)
Total transactions with owners	-	-	-	-	(577,355)	(4,430)	-	-	339,392	(242,393)	(4,539,392)	(4,781,785)
Balance at 30 September 2013	34,564,860	2,869,130	7,346,435	3,673,218	(1,176,176)	4,471,471	534,966	1,958,811	(221,813)	54,020,902	95,374	54,116,276

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 September 2014

	Note	Nine months ended 30 September 2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the period before provisions for NLST and Zakat		**1,247,223**	2,007,859
Adjustments for:			
Distribution income from financial assets available-for-sale		**(130,467)**	(50,584)
Gain on sale of investment properties	5	**(13,319)**	(3,445,679)
Depreciation		**35,418**	40,220
Interest income		**(129,264)**	(57,243)
Share of results of associates		**(981,491)**	176,575
Finance costs		**1,149,443**	1,168,524
Foreign exchange (gain)/loss		**(425,113)**	231,572
Provision for arbitration settlement		-	350,000
		752,430	421,244
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**3,690,300**	5,254,707
Accounts payable and other liabilities		**(1,246,482)**	(1,139,922)
Net cash flows from operating activities		**3,196,248**	4,536,029
INVESTING ACTIVITIES			
Additions to investment properties		**(936,094)**	(1,245,536)
Proceeds on sale of investment properties		**348,303**	2,092,952
Additions to property and equipment		**(16,512)**	(4,976)
Additions to financial assets available-for-sale		**(4,189,931)**	(1,445,537)
Proceeds from debt financing classified as financial assets available-for-sale		-	1,523,748
Investment in associates		**(1,193,342)**	(599,519)
Distribution income from financial assets available-for-sale received		**130,467**	701,108
Interests income received		**129,264**	57,243
Acquisition of non-controlling interests		-	(4,200,000)
Net cash flows used in investing activities		**(5,727,845)**	(3,120,517)
FINANCING ACTIVITIES			
Purchase of treasury shares		**(74,722)**	(631,733)
Proceeds from sale of treasury shares		-	49,948
Bank loans obtained		-	4,200,000
Finance costs paid		**(1,149,443)**	(322,280)
Net cash flows (used in)/from financing activities		**(1,224,165)**	3,295,935
(DECREASE)/INCREASE IN CASH AND BANK BALANCES		**(3,755,762)**	4,711,447
Cash and bank balances at 1 January		**6,672,324**	2,011,792
CASH AND BANK BALANCES AT 30 SEPTEMBER		**2,916,562**	6,723,239

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

1 CORPORATE INFORMATION

Injazzat Real Estate Development Company – K.S.C.P. (the "Parent Company") was established in August 1998 and listed on the Kuwait Stock Exchange on 17 June 2002. The Parent Company and its subsidiaries (collectively the "Group") are primarily engaged in real estate development and investment activities.

The 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, all companies have one year from the date of publishing the executive regulations to comply with the new amended law.

The address of the Parent Company's registered office is PO Box 970, Safat 13010, State of Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2014 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 27 October 2014.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional and presentation currency of the Parent company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2013.

Operating results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For more details please refer to the annual consolidated financial statements and its related disclosures for the year ended 31 December 2013.

Adoption of new IASB Standards and amendments during the period

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 for the year ended 31 December 2013, except for the adoption of the new and amended International Financial Reporting Standards that have become effective from 1 January 2014 and those which are applicable to the Group:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. Application of the standard did not have an impact on the interim condensed consolidated financial information, since none of the entities in the Group qualified to be an investment entity under IFRS 10.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Application of this standard did not have an impact on the Group's financial position or performance.

IAS 36 Impairment of Assets (Amendments to IAS 36)
The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
The Amendment makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

IFRIC 21 'Levies' (IFRIC 21)
IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions but the adoption of this amendment did not have any significant impact on the financial position or performance of the Group.

IASB Standard issued but not yet effective

IFRS 9 – Financial instruments
The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Bank is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

IFRS 15 – Revenue from Contracts with customers ("IFRS 15")
IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the Group and does not expect any significant impact on adoption of this standard.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

3 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 30 September		*Nine month ended 30 September*	
	2014	*2013*	***2014***	*2013*
Profit/(loss) for the period attributable to equity holders of the Parent Company (KD)	**395,875**	(403,795)	**1,204,341**	1,938,364
Weighted average number of shares outstanding during the period (excluding treasury shares)	**333,658,776**	334,842,065	**334,335,634**	338,677,204
Basic and diluted earnings/(loss) per share	**1.2 Fils**	(1.2) Fils	**3.6 Fils**	5.7 Fils

4 FINANCIAL ASSESTS AVAILABLE-FOR-SALE

	(Unaudited) 30 September 2014 KD	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
Real estate funds	**436,377**	436,377	436,377
Special purposes real estate entities	**7,880,585**	3,748,927	3,776,860
Unquoted real estate equity investments	**11,351,458**	10,991,962	8,933,248
Debt financing	**185,785**	185,785	185,785
	19,854,205	15,363,051	13,332,270

Financial assets available for sale primarily represent investments in real estate development projects and portfolios through specialised real estate investment managers. Due to the nature of these investments, the unpredictability of their cash flows and the absence of an active market for these investments, fair value is not reliably measurable. As a result, such investments, amounting to KD 5,818,510 (31 December 2013: KD 5,741,529 and 30 September 2013: KD 4,111,185) are carried at cost less impairment, if any.

The hierarchy for determining and disclosing the fair values of the financial instruments are presented in (Note 9).

Available for sale investments with a carrying value of KD 6,949,559 (31 December 2013: KD 6,633,882 and 30 September 2013: KD 11,537,695) are secured against bank loans (Note 6).

5 INVESTMENT PROPERTIES

	(Unaudited) 30 September 2014 KD	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
At 1 January	**62,188,407**	76,063,887	76,063,887
Additions	**936,094**	15,891,443	13,228,697
Disposals	**(334,984)**	(29,533,861)	(22,847,373)
Change in fair value	**-**	(183,479)	-
Foreign currency translation adjustment	**-**	(49,583)	-
Ending balance	**62,789,517**	62,188,407	66,445,211

5 INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties was determined as at 31 December 2013 by independent valuers who are specialized in valuing these types of properties. Management is of the view that no significant change in fair value of these properties occurred during the period ended 30 September 2014.

a) The Group has disposed an investment property with a carrying value of KD 334,984 for a consideration of KD 348,303 which resulted in a gain on sale of investment property of KD 13,319 (30 September 2013: KD 3,445,679).

b) Investment properties with a carrying value of KD 44,310,669 (31 December 2013: KD 49,871,257, and 30 September 2013: KD 53,216,516), are secured against bank loans (Note 6).

6 BANK LOANS

	Security	*(Unaudited) 30 September 2014 KD*	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
Local banks – Kuwaiti Dinar	Secured	40,978,084	40,978,084	43,134,825
		40,978,084	40,978,084	43,134,825

The loans are due for repayment as follows:

	(Unaudited) 30 September 2014 KD	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
Within one year	**4,313,484**	-	2,156,741
One to five years	**36,664,600**	40,978,084	40,978,084
	40,978,084	40,978,084	43,134,825

These loans are secured by certain investment properties, investments in associates and available for sale investments of the Group (Notes 4 and 5).

7 RELATED PARTY TRANSACTIONS

Related parties represent the major shareholders, associates, directors, entities under common controls and key management personnel of the Group, and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	(Unaudited) 30 September 2014 KD	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
Balances included in interim condensed consolidated statement of financial position:			
Due from associate companies (included in accounts receivable and other assets)*	**108,096**	2,348,872	1,004,844
Due from other related parties (included in accounts receivable and other assets)	**415,804**	283,257	255,484
Due to other related parties (included in accounts payable and other liabilities)	**331,973**	277,580	901,281
Transfer of associate	-	(11,983,161)	(11,983,161)
Acquisition of investment properties	-	11,983,161	11,983,161

7 RELATED PARTY TRANSACTIONS (continued)

Due from/to other related parties represents entities under common control.

* During the period, group received an amount of KD 2,247,951 (30 September 2013: KD 4,806,200) from one of its associates.

	(Unaudited) Three months ended 30 September		*(Unaudited) Nine months ended 30 September*	
	2014	*2013*	***2014***	*2013*
	KD	*KD*	***KD***	*KD*
Transactions included in interim condensed consolidated statement of income:				
Management fees received from associate	**-**	-	**129,163**	-
Compensation of key management personnel of the Group				
Short-term benefits	**73,643**	74,851	**222,252**	222,914
End of service benefits	**8,654**	8,654	**25,962**	25,962
	82,297	83,505	**377,377**	248,876

8 ANNUAL GENERAL ASSEMBLY

Annual General Assembly of the shareholders of the Parent Company held on 24th April 2014 approved the consolidated financial statements for the year ended 31 December 2013 and directors' proposal not to distribute any dividends for the year then ended.

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair values of financial instruments, with the exception of certain financial assets available-for-sale carried at cost (see Note 4) are not materially different from their carrying values.

Fair value hierarchy

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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 3	*Total fair value*
30 September 2014 (Unaudited)	*KD*	*KD*
Financial assets available-for-sale		
- Real estate funds	**436,377**	**436,377**
- Special purposes real estate entities	**5,041,389**	**5,041,389**
- Unquoted real estate equity investments	**8,557,927**	**8,557,927**
	14,035,693	**14,035,693**

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level 3 KD	*Total fair value* KD
31 December 2013 (Audited)		
Financial assets available-for-sale		
- Real estate funds	436,377	436,377
- Special purposes real estate entities	909,731	909,731
- Unquoted real estate equity investments	8,275,412	8,275,412
	9,621,520	9,621,520
30 September 2013 (Unaudited)		
Financial assets available-for-sale		
- Real estate funds	436,377	436,377
- Special purposes real estate entities	805,034	805,034
- Unquoted real estate equity investments	7,979,673	7,979,673
	9,221,084	9,221,084

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

	At the beginning of the period KD	*Loss recorded in the consolidated statement of income* KD	*Gain recorded in other comprehensive income* KD	*Net purchases, transfer, sales and settlements* KD	*At the end of the period* KD
30 September 2014 (Unaudited)					
Financial assets available-for-sale	**9,621,520**	**-**	**301,223**	**4,112,950**	**14,035,693**
31 December 2013 (Audited)					
Financial assets available-for-sale	10,392,060	-	518,208	(1,288,748)	9,621,520
30 September 2013 (Unaudited)					
Financial assets available-for-sale	10,392,060	-	137,265	(1,308,241)	9,221,084

During the period, there have been no transfers between the hierarchies.

10 SEGMENTAL ANALYSIS

For the management purpose, the Group's activities are concentrated in real estate investments and geographically the Group's activities are concentrated in two main segments: Domestic and International (Bahrain, United Arab Emirates, Saudi Arabia, Qatar, Europe and USA). The Group's segmental information is as follows:

	Domestic		*International*		*Total*	
	30 September 2014 KD	*30 September 2013 KD*	***30 September 2014 KD***	*30 September 2013 KD*	***30 September 2014 KD***	*30 September 2013 KD*
Nine months ended						
Segment revenue	**486,735**	505,800	**1,427,182**	1,045,674	**1,913,917**	1,551,474
Segment results	**(433,190)**	3,058,345	**1,423,252**	876,185	**990,062**	3,934,530
Share of results of associates					**981,491**	(176,575)
Finance costs					**(1,149,443)**	(1,168,524)
Foreign exchange gain/(loss)					**425,113**	(231,572)
Provision for arbitration settlement					**-**	(350,000)
Profit for the period before provisions for NLST and Zakat					**1,247,223**	2,007,859

	Domestic			*International*			*Total*		
	(Unaudited) 30 September 2014 KD	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*	***(Unaudited) 30 September 2014 KD***	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*	***(Unaudited) 30 September 2014 KD***	*(Audited) 31 December 2013 KD*	*(Unaudited) 30 September 2013 KD*
Total assets	**17,210,392**	23,299,192	21,356,555	**81,788,028**	75,825,232	80,553,017	**98,998,420**	99,124,424	101,909,572
Total liabilities	**42,239,832**	43,920,077	45,811,314	**2,400,558**	1,921,830	1,981,982	**44,640,390**	45,841,907	47,793,296