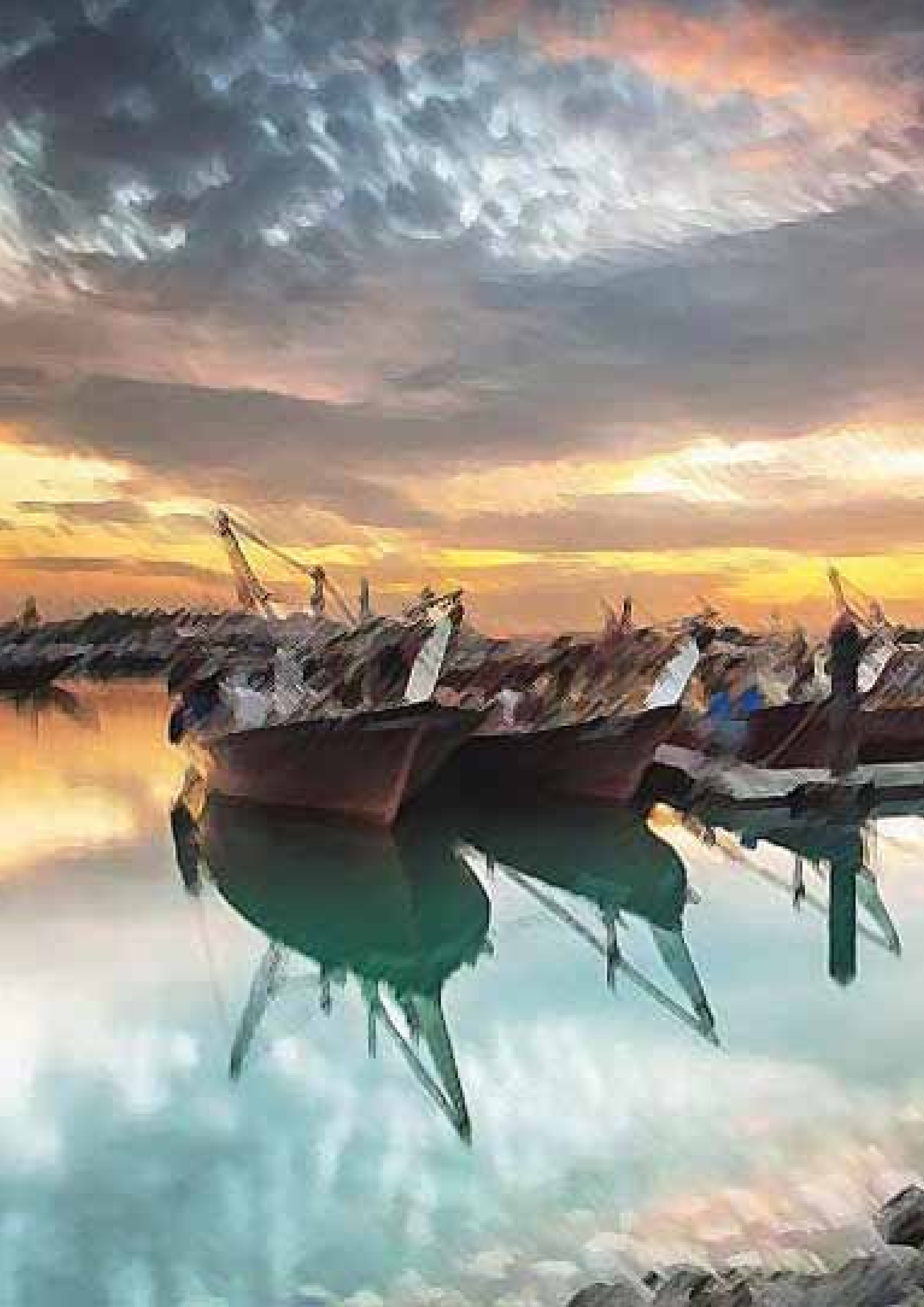
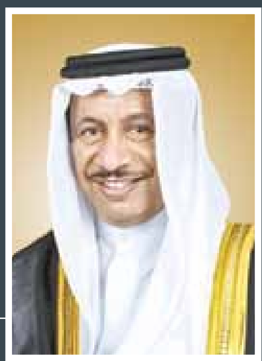
بسم الله الرحمن الرحيم

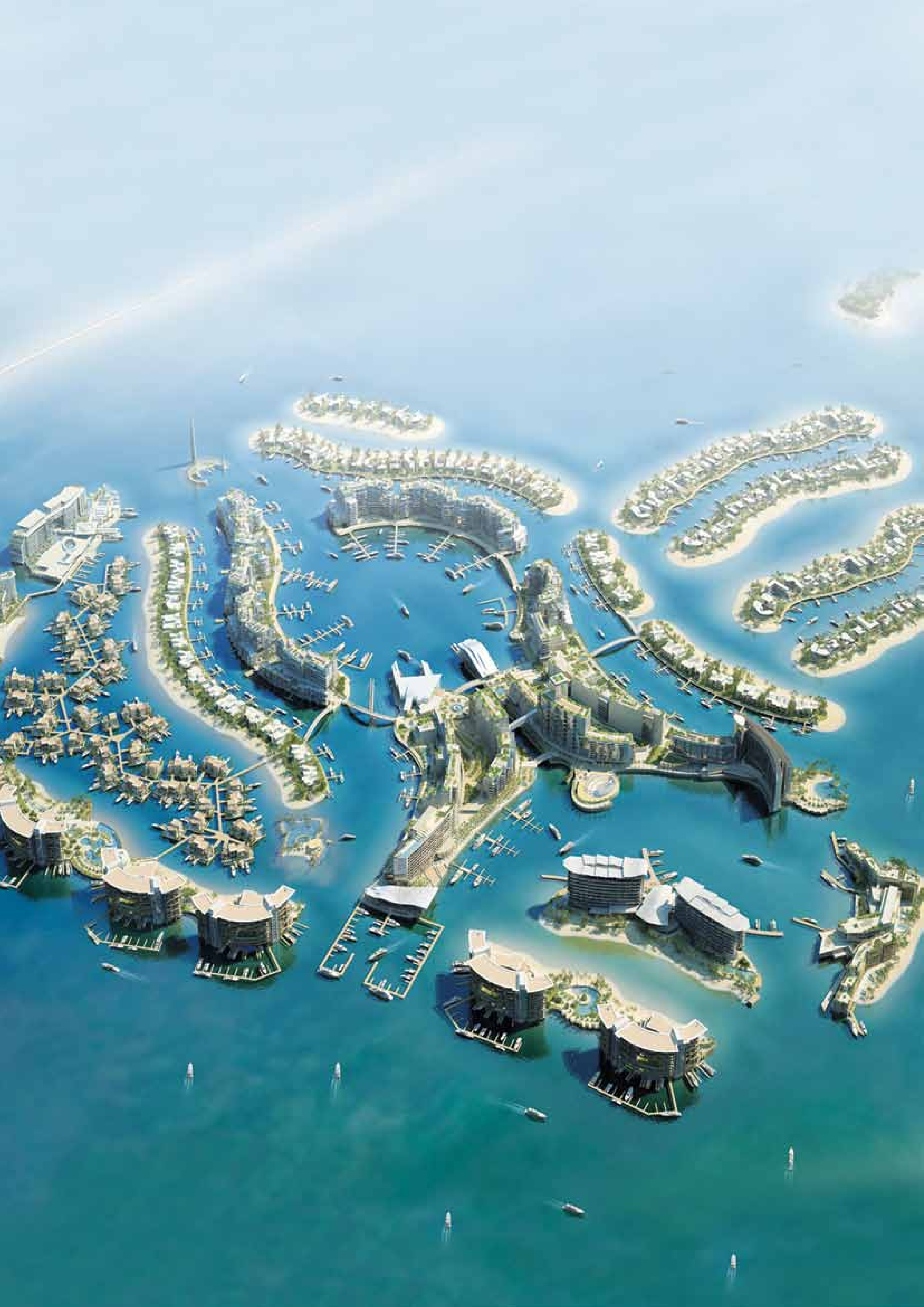


His Highness Sheikh
Sabah Al -Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

His Highness Sheikh
Nawaf Al -Ahmad Al-Jaber Al-Sabah
Crown Prince



His Highness Sheikh
Jaber Mubarak Al-Hamad Al-Sabah
Prime Minister



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BOARD OF DIRECTORS

ZEYAD ABDULLATIF JANAHI

CHAIRMAN

EASA YOUSEF EASA ALSHAMLAN

VICE CHAIRMAN

ABDULHAMEED MOHAMMED AKEEL TOUFIQUI

BOARD MEMBER

KHALED BADER YOUSEF AL ROUMI

BOARD MEMBER

ANTAR ELSAYED MUSTAFA GAD

BOARD MEMBER

CHAIRMAN'S MESSAGE
THE BOARD OF DIRECTOR'S MESSAGE

In the name of Allah, the most gracious, the most merciful

Dear Shareholders,

Peace, mercy and blessings of God be upon you,

It is my pleasure, on behalf of my fellow Board Members and the Administrative Organization of the company, to extend to you, the annual report of the Company for the year ended 31st December 2013.

Dear Shareholders,

The Company followed the policy of maintaining its assets in both, the United Arab Emirates (The World Islands Project), and in the Kingdom of Bahrain (The Water Garden City Project), at conservative price levels, and have approached the creditors to negotiate on payment obligation as maturity was due.

The company's management has succeeded in restructuring the lone debt owing to a bank in the Kingdom of Bahrain, by altering the maturity date from 2013 to 2016.

We are all aware of the challenges in the current time in the Kingdom of Bahrain, which have negative repercussions on large-scale projects, especially in the field of Real Estate development, but we are optimistic, as our project, 'The Water Garden City', is of special importance with its prime location and is currently being equipped with major infrastructure project. With the completion of establishment of concrete walls, construction of roads and part of landscaping, the project has obtained a distinctive character. The project is being negotiated with several investors having interest in the development in order to build-up some commercial and residential buildings in the heart of the project.

In Dubai, the project drawings and data of our 'The World Islands Project' have been updated and we hope to take advantage of the success and boom in the real estate market with the administration's efforts to obtain adequate funding or find investors having great interest in this kind of private enterprise. Hopefully the years, 2014 / 2015 will witness the beginning of a genuine breakthrough to the company's business.

Dear Shareholders,

The total assets of the company amounted to about Kuwaiti Dinars 274 million, and the shareholders' equity amounted to about Kuwaiti Dinars 237 million for the current year with a slight decrease of about 1% comparing to 2012. The company's debt has been reduced to Kuwaiti Dinars 37 million, compared with Kuwaiti Dinars 44 million last year, a net decrease of 16%.

Acknowledgements,

In conclusion, I extend my sincere thanks and appreciation to the Shareholders, the members of the Board of Directors, to the distinguished members of the Shari'ah Supervisory Board and to all the brothers in the executive management of the company for their effort and support. I wish and pray to Allah Almighty, to help us to work for the welfare of our company and our beloved country under the guidance of His Highness, the Amir, Sheikh Sabah Al Ahmad Al-Jaber Al-Sabah, His Highness, the Crown Prince, Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah and His wise government. May Allah protect them.

Chairman and Members of the Board of Directors

Shari' ah Supervisory Board Report

We have reviewed OQYANA Real Estate's activities as it's Contracts and investment transactions and studied the shari' ah controllers report during the year ended 31 December, 2013.

We hereby certify that all OQYANA Real Estate's activities and transactions were practiced in compliance with the Islamic Shari' ah principles and provisions, and no violations have occured, to the best of our knowledge.

Dr. Khalid Mathkour Al-Mathkour
Chirman

Dr. Ajeal Jasem Al-Nashmi
Board Member

Sheikh Dr. Issam Khalaf Al-Enizi
Board Member

Independent Auditor’s Report

The Shareholders
Oqyana Real Estate Company
K.S.C. (Closed)
State of Kuwait

- **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Oqyana Real Estate Company K.S.C. (Closed) (“the Parent Company”) and its subsidiaries (together referred to as “the Group”) which comprise the consolidated statement of financial position as at December 31, 2013 and the related consolidated statement of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

- **Management’s Responsibility for the Consolidated Financial Statements**

The Parent company’s management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

- **Auditor’s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent company›s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit.

- **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group (Oqyana Real Estate Company and its subsidiaries) as at December 31, 2013 and of its financial performance and its cash flows for the financial year then ended, in accordance with International Financial Reporting Standards.

- **Emphasis of Matter**

Without qualifying our opinion, we draw attention to note 23 to the consolidated financial statements related to the going concern of the Group.

- **Report on other legal and regulatory requirements**

Furthermore, in our opinion, proper books of account have been kept by the Group, physical counting was carried-out in accordance with recognized practice, the financial statements together with the financial contents of the report of the Board of Directors are in accordance therewith. We have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 25 of year 2012, as amended and related Executive Regulation (note no. 31/) and the Parent Company's articles and memorandum of association. According to the information available to us, there were no violations of either the Companies' Law no. 25 of year 2012, as amended and related Executive Regulation or of the Parent Company's memorandum and articles of association during the financial year ended December 31, 2013 that might have had a material effect on the Group's business or its consolidated financial position.

ALI A. AL HASAWI
LICENSE NO. 30 - (A)
RÖDL MIDDLE EAST
BURGAN – INTERNATIONAL ACCOUNTANTS

April 20, 2014
State of Kuwait

Consolidated statement of financial position as at December 31, 2013
"All amounts are in Kuwaiti Dinars"

	Notes	2013	2012
Assets			
Cash and cash equivalents		**50,088**	58,831
Investments at fair value through profit or loss	5	**655,401**	655,861
Investments available for sale	6	**406,553**	700,000
Receivables and other debit balances	7	**1,016,517**	1,347,919
Investment in associate	8	**1,586,239**	1,582,607
Investment properties under development	9	**37,719,086**	37,632,743
Investment properties	10	**232,692,844**	241,045,250
Intangible assets		**1**	1
Property and equipment		**174**	408
Total assets		**274,126,903**	283,023,620
Liabilities and equity			
Liabilities			
Payables and accrued expenses	11	**5,956,755**	5,655,941
Term financing	12	**30,998,664**	38,508,017
Provision for end of service indemnity		**231,557**	223,970
Total liabilities		**37,186,976**	44,387,928
Equity			
Share capital	13	**262,500,000**	262,500,000
Statutory reserve	14	**18,839,156**	18,839,156
Voluntary reserve	15	**18,839,156**	18,839,156
Change in fair value reserve		**121,966**	-
Foreign currency translation reserve		**1,959,025**	1,196,420
Accumulated losses		**(65,319,376)**	(62,739,040)
Total equity		**236,939,927**	238,635,692
Total liabilities and equity		**274,126,903**	283,023,620

The accompanying notes form an integral part of the consolidated financial statements

Eng. Zeyad Abdullatif Janahi
Chairman

Mr. Easa Yousef Al Shamlan
Vice Chairman

	Notes	2013	2012
Revenues			
Unrealized gains on change in fair value of investment properties under development	9	-	5,338
Unrealized gains/(losses) on change in fair value of investment properties	10	**448,190**	(76,995,296)
Loss from sale of subsidiaries		-	(14,399,544)
Unrealized losses on change in fair value of investment at fair value through profit or loss		**(460)**	(10,024)
Impairment in value of investment at fair value through profit or loss		-	(1,855,434)
Losses from sale of investments at fair value through profit or loss		-	(2,909)
Gain on sale of investments available for sale	6	**178,034**	-
Losses from impairment of investments available for sale		-	(3,750,000)
Other losses	16	**(203,382)**	(261,200)
		422,382	(97,269,069)
Less:			
Expenses and other charges			
Finance cost		**(2,411,539)**	(3,880,610)
General and administrative expenses	17	**(362,553)**	(398,646)
Depreciation		**(235)**	(73)
Management and custody fees		**(1,500)**	(1,500)
Provision for contingent liabilities		**(226,891)**	-
Net loss for the year		**(2,580,336)**	(101,549,898)
Loss per share (fils)	18	**(0.98)**	(38.69)

The accompanying notes form an integral part of the consolidated financial statements

	2013	2012
Net loss for the year	(2,580,336)	(101,549,898)
Other comprehensive income:		
Change in fair value	121,966	-
Foreign currency translation differences	762,605	2,724,443
Total other comprehensive income for the year	884,571	2,724,443
Total comprehensive loss for the year	(1,695,765)	(98,825,455)

The accompanying notes form an integral part of the consolidated financial statements

	2013	2012
Operating activities		
Net loss for the year	**(2,580,336)**	(101,549,898)
Adjustments for:		
Depreciation	**234**	73
Provision for end of service indemnity	**7,284**	25,959
Unrealized (gains)/losses on change in fair value of investment properties	**(448,190)**	76,995,296
Loss from sale of subsidiaries	**-**	14,399,544
Unrealized gains in value of investment properties under development	**-**	(5,338)
Unrealized losses on change in fair value of investment at fair value through profit or loss	**460**	1,865,458
Realized losses from sale of investment at fair value through profit or loss	**-**	2,909
Gain on sale of investments available for sale	**(178,034)**	-
Impairment losses on available for sale investments	**-**	3,750,000
Gain from sale property and equipment	**-**	(3,244)
Finance cost	**2,411,539**	3,880,610
Adjusted loss before changes in working capital items	**(787,043)**	(638,631)
Receivables and other debit balances	**331,402**	(1,283,513)
Payables and accrued expenses	**292,604**	(976,111)
Net cash used in operating activities	**(163,037)**	(2,898,255)
Investing activities		
Proceed from sale of property and equipment	**-**	2,891
Proceed from sale investment properties	**-**	40,599,310
Proceed from sale of investment at fair value through profit or loss	**-**	26,672
Paid for investment properties	**(46,823)**	-
Net cash (used in)/from investing activities	**(46,823)**	40,628,873
Financing activities		
Paid from term financing	**-**	(38,057,979)
Net cash used in financing activities	**-**	(38,057,979)
Foreign currency translation	**201,117**	258,515
Net decrease in cash and cash equivalents	**(8,743)**	(68,846)
Cash and cash equivalents at beginning of the year	**58,831**	127,677
Cash and cash equivalents at end of the year	**50,088**	58,831

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of changes in equity
for the financial year ended December 31, 2013
"All amounts are in Kuwaiti Dinars"

	Share capital	Statutory reserve	Voluntary reserve	Change in fair value reserve	Foreign currency translation reserve	accumulated losses	Total
Balance at January 1, 2012	262,500,000	18,839,156	18,839,156	-	(1,528,023)	38,810,858	337,461,147
Total comprehensive loss for the year	-	-	-	-	2,724,443	(101,549,898)	(98,825,455)
Balance at December 31, 2012	262,500,000	18,839,156	18,839,156	-	1,196,420	(62,739,040)	238,635,692
Balance at January 1, 2013	262,500,000	18,839,156	18,839,156	-	1,196,420	(62,739,040)	238,635,692
Total comprehensive loss for the year	-	-	-	121,966	762,605	(2,580,336)	(1,695,765)
Balance at December 31, 2013	262,500,000	18,839,156	18,839,156	121,966	1,959,025	(65,319,376)	236,939,927

The accompanying notes form an integral part of the consolidated financial statements

1- Incorporation and activities

Oqyana Real Estate Company – Kuwaiti Shareholding Company (Closed) [previously known as Dimnat Al Khalej Real Estate Company] – Kuwaiti Shareholding Company (Closed), is registered in the State of Kuwait and was incorporated and authenticated on April 7, 2002 at the Ministry of Justice – Real Estate Registration and Authentication Department under no. 1254/ Volume 1.

The main activities of the Parent company are as follows:

- Owning, buying and selling real estate and land as well as developing them inside Kuwait and abroad, also managing properties for others without breaching the articles stipulated in the existing laws that prohibit the trading in private residential plots as stipulated in those laws.
- Owning, buying and selling shares and real estate bonds for the benefit of the Company only inside Kuwait and abroad.
- Preparing studies and offer consultations in all kinds of real estates aspects if only the required conditions are met concerning the parties that perform such services.
- Performing maintenance works related to buildings and real estates owned by the Company and others including maintenance work, execution of civil, mechanical, electrical, elevators, and air conditioning work to ensure the protection and safety of the buildings.
- Organizing real estate exhibitions related to real estate projects in accordance with Ministry's applicable regulations.
- Utilizing financial surplus available to the Company, by investing it in financial and real estate portfolios managed by specialized companies.

The Parent company is permitted to conduct the above mentioned activities inside Kuwait and aboard. The Parent company has the right to have an interest or participate, in any way, in other firms or institutions which operate in the same fields or those which would assist in achieving its objectives in Kuwait or abroad and to establish, purchase these firms and institutions or merge them with the Parent company.

The subsidiaries have the same activities of the Parent company.

The Parent Company's registered address is Sharq, Al-Shuhadaa Street, Arraya Tower 1, P.O. Box: 26334, Safat -13124, State of Kuwait.

The consolidated financial statements of Oqyana Real Estate Company K.S.C. (Closed) and its subsidiaries for the year ended December 31, 2013 were authorized for issue in accordance with a resolution of the Board of Directors on April 20, 2014. The shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

2- Application of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous year and include the amended and new standards that are effective for annual period beginning on or after January 1, 2013.

2/ 1) Standards effective for the current year:

IFRS 7 "Financial Instruments: Disclosures – Transfer of financial assets"

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The company does not have any assets with these characteristics.

IAS 1 "Presentation of Items of Other Comprehensive Income (amendments)"
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the financial position or performance.

IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments)"
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 "Financial Instruments: Presentation". The disclosures also apply to recognized 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.

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, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). 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. Further in November 2012, IASB has issued an amendment to IFRS 10 "Consolidated Financial Statements" to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments".

IFRS 11 "Joint Arrangements"
IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 "Interests in Joint Ventures". The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to and differentiates between joint operations and joint ventures.

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 require information so that financial statements 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 consolidated entities.

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.

2/ 2) Standards issued but not yet effective:
Below are the new and revised IFRSs that are not yet mandatorily effective for the year ending December 31, 2013 (but allow early application).

IFRS 9 "Financial Instruments (as revised in 2010)"
(Effective for annual periods beginning on or after January 1, 2015)

IFRS 9 is a new standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety. The replacement project consists of the following phases:

- Phase 1: Classification and measurement of financial assets and financial liabilities.
- Phase 2: Impairment phase.
- Phase 3: Hedge accounting.

Amendments of IAS 32 "Offsetting Financial Assets and Financial Liabilities"
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IAS 32 clarify existing application issue relating to the offsetting requirements. Specifically, the amendments clarify the meaning of currently has a legally enforceable right of set-off: and simultaneous relation and settlement. The amendments to IAS 32 are effective for annual periods beginning on or January 1, 2014. Retrospective application is required.

Amendments to IFRS 10, 12 and IAS 27 "Investment Entities"
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IFRS 10 introduce an exception from the requirements to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investments entities that provide services that relate to the investment entity's investment activities.

Amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

In general, the amendments require retrospective application, with specific transitional provisions.

The management anticipates that the new standards will be adopted in the Group's consolidated financial statements for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Group's operations, it's expected that it will not have a material impact on the Group's consolidated financial statements.

3- Significant accounting policies

3 /1) Basis of preparation

- The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of companies' law in State of Kuwait.

- The Companies Law no. 25 of year 2012 has been issued on November 26, 2012 and published in the newspaper on November 29, 2012, which lead to cancellation of commercial companies' law no. 15 of year 1960. On March 27, 2013 the Companies Law has been amended in accordance with the Law no. 97 of year 2013. On September 29, 2013 the Executive Regulations have been issued to determine the rules and regulations for existing companies to comply with the new law provisions, which have been published in the newspaper on October 6, 2013.

3/ 2) Accounting convention

- These consolidated financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the accompanying policies and disclosures.
- The consolidated financial statements are presented in Kuwaiti Dinar.

3 /3) Basis of consolidation

The consolidated financial statements of the Parent Company comprise of Oqyana Real Estate Co. – Kuwait K.S.C (Closed) ("the Parent Company") and its subsidiaries (together referred to as "the Group") disclosed under note (4).

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability to use its power to affect the investee returns.

When the Parent Company does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter-company balances and transactions, including unrealized profits or losses arising from inter-company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non-controlling interests in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consists of the interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Profits and losses attributed to the owners of the Parent Company and to the non-controlling interests in the ratio of their respective shareholdings even if that resulted in the non-controlling interests having a deficit balance.

When ownership of a subsidiary changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiary reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiary at fair value at date of loss of control;
- Derecognize non-controlling interests;
- Recognize the profit or loss resulting from the loss of control in the consolidated statement of profit or loss.

3 /4) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Parent company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statement of profit or loss and comprehensive income.

3/ 5) Investment in associate

An associate is an entity over which the Group exercises significant influence but which are neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not extend to control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting. According to equity method, the investment in associate is initially recorded at cost and then adjusted after acquisition for the Group's share of the associate's equity.

The Group recognizes its share of profits or losses of an associate in the consolidated statement of profit or loss from the date that the influence effectively commences until the date that influence effectively ceases.

Dividends received from the associate reduce the carrying amount of the investment. Adjustments on the carrying amount may also be necessary to reflect the changes in the Group's share in the associate arising from changes in the associate's equity. The Group share as a result of these changes is recognized in the equity.

Unrealized gains from transactions with associates are eliminated to the extent of the Group's share in the associate, unrealized losses are eliminated unless the transaction provides evidence of impairment in value of the asset transferred. An assessment for impairment in investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associate's financial statements are prepared at the same date of the Group's reporting date or to a date not exceeding three months of the Group's reporting date using consistent accounting policies. Adjustments are made to reflect the effects of significant transactions and other events that occurred between the associate financial year end and the Group's financial year end.

3/ 6) Cash and cash equivalents

Cash and cash equivalents for the propose of preparing cash flow comprise cash on hand and at banks and short term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/ 7) Financial instruments

Classification

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instrument at initial recognition and re-evaluates this designed every reporting date.

The Group has classified its financial instruments as follows:

Financial assets at fair value through profit or loss

This category has two sub-categories financial assets held for trading and those designated at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management.

Receivables

There are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods and services directly to a debtor with no intention of trading the receivables.

Assets available for sale

These are non derivative financial assets that are either designated in this category or not included in any of the above categories and are principally, those acquired to be held, for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Recognition and de-recognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. Financial asset (in whole or in part) is derecognized when:
(i) the contractual rights to the cash flows from the financial asset expire; or
(ii) when the Group transfers substantially all the risks and rewards of ownership; or
(iii) when the Group has neither transferred nor retained substantially all the risks and rewards of ownership and when it no longer has control over the asset or a proportion of the assets.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Measurement

Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated statement of profit or loss.

Subsequently, investment available for sale and financial assets at fair value through profit or loss are carried at fair value, and receivables are carried at amortized cost using the effective yield method.

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are included in the consolidated statement of profit or loss for the period in which they arise. Changes in the fair value of financial assets classified as investments available for sale are recognized in equity, when available for sale financial assets are sold or impaired; the accumulated changes in fair value recognized in equity are included in the consolidated statement of profit or loss.

Fair values

The fair values of financial instruments in regular financial market are bases on last bid prices.

For the unquoted investment, the Group establishes fair value by reference to others that are substantially the same, or by using the expected discounted cash flow analysis after adjustment to reflect the same circumstances of the issuing Group. Investments available for sale, which its fair value has not been determined are carried at cost less impairment losses.

Impairment in value

The Group assesses at each consolidated financial position date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

A specific provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts of receivable. The amount of the specific provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective rate of return. The amount of the provision is recognized in the consolidated statement of profit or loss.

3/ 8) Intangible assets

Acquisition costs of other intangible assets are capitalized and amortized on straight-line bases over its estimated useful life, which expected to be three years.

39/) Property, plant and equipment

Property and equipment are stated at the historical cost less accumulated depreciation. The realizable values of property and equipment are reviewed at each consolidated financial position date to determine whether the book value exceeds the realizable value in which case the book value is written down to the realizable value. If the useful lives of property and equipment are different from the estimated lives of those properties, then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

Property and equipment are depreciated on straight-line bias to reduce the value of the property to its residual value over their estimated lives of three years.

3/ 10) Investment properties under development

Investment properties under development are recognized at fair value as at consolidated financial position date, when the development process completed. The lands and properties are classified as investment properties as per management intention regarding the future use of properties. Gains or losses arising from changes in the fair value of investment properties under development are included in the consolidated statement of profit or loss for the period in which they arise.

3 /11) Investment properties

Investments properties, which are properties held to earn rentals and/or for capital appreciation, are stated at their fair value at the consolidated financial position date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

3/ 12) Impairment of non financial assets

Property, plant and equipment, investment in subsidiaries, investment in associates, goodwill and other intangible assets are reviewed as at the date of preparing the statements of financial position in order to determine whether there is an objective evidence of impairment in value if such evidence exists, the estimated recoverable amount of the assets are determined and any impairment loss is recognized in the consolidated statement of profit or loss and comprehensive income when the carrying amount of the asset is in excess of the recoverable amount.

The recoverable amount is the higher of an asset's net selling price or its value in use. The net selling price represents the amount obtainable from the sale of an asset in an arm's length transaction, while the asset value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an assets, and with its disposal at the end of it useful life. Recoverable amounts are estimated for each item of the assets on an individual basis or if this is impractical for the cash flows generating unit.

Reversal of impairment losses recognized in prior years is recorded as income when there is an indication that the impairment losses for the asset no longer exist or has decreased net book value of an item and impairment loss should not be exceed its net book value in case that the loss has not been initially recognized.

3 /13) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized of borrowing costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Borrowing costs that are not directly attributable to a qualifying asset should be recognized as an expense in the period in which they are incurred and accounted for on an accrual basis.

3 /14) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the consolidated financial position date, and approximates the present value of the final obligation.

3/ 15) Revenue recognition

- Wakala income is recognized when it is earned, on a periodic basis distribution so as to achieve a fixed rate of return.
- Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the same time of the sale.
- Other categories of income are recognized when earned, at the time the related services are rendered and / or on the basis of the terms of the contractual agreement of each activity.

3/ 16) Foreign currencies transactions

The functional currency of the Parent Company is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing during the year. Monetary assets and liabilities denominated in foreign currencies are translated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the consolidated statement of profit or loss.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to Kuwaiti Dinar at the exchange rates prevailing at the date of determining fair value. For non-monetary assets where the related change in fair value is recognized directly in equity, all foreign exchange differences are recognized directly in equity. In addition, for non-monetary assets where the related change in fair value is recognized in the consolidated statement of profit or loss, all foreign exchange differences are recognized in the consolidated statement of profit or loss.

3/ 17) Dividends

Dividends are recognized as a liability in the Group's consolidated statements of consolidated financial position in the period in which the dividends are approved by the shareholders.

3 /18) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services, business segment or providing products or services within a particular economic environment, geographical segment, where it is subject to risks and rewards that are different from other segments.

3 /19) Contingencies

Contingent liabilities are not recognized but disclosed in the financial statements except when the possibility of an outflow of resources embodying economic benefits is remote.
A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3 /20) Critical accounting estimates and judgments

According to the accounting policies applied by the Group and in conformity with IFRS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities.

Classification of land

Upon acquisition of a land, the management classifies the land into one of the following categories, based on the intention of the management for the use of the land.

Properties under development

When the intention of the management is to develop a land in order to rent it in the future, both the land and the construction costs are classified as investment properties till the properties are ready for use at which time.

Investment properties

When the intention of the management is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land by Group.

Impairment of investments

The Group treats available for sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires significant judgment. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading or at fair value through consolidated statement of profit or loss, or available for sale.

The Group classifies financial assets as held for trading if the acquired primarily for the purposes of short-term profit making.

Classification of investments as investments at fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of consolidated statement of profit or loss in the management accounts, they are classified as at fair value through profit or loss. All other investments are classified as investments available for sale.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments.

Valuation of unquoted equity instrument is normally based on one of the following recent arm's length market transactions:

- Fair value of other similar instruments
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

3/ 21) Taxation

Zakat

The Zakat is computed in accordance with law no. 462006/ and Ministerial Decree no. 582007/ related to Zakat imposed on the general and closed shareholding companies for the year at 1% of net profit before deducting the Group's provisions and reserves.

Kuwait Foundation for Advancement of Science

The contribution to Kuwait Foundation for Advancement of Science is computed at 1% of net profit after deducting the current year appropriation to statutory reserve.

4- Subsidiaries

Company	Country	Ownership percentage 2013	Ownership percentage 2012	Main activities
Oqyana Real Estate Company - W.L.L	Bahrain	100%	100%	Real estate
Oqyana Limited	Jersey	100%	100%	Real estate
North Capricorn Island Limited	Jersey	100%	100%	Real estate
South Capricorn Island Limited	Jersey	100%	100%	Real estate
Leopold Island North Limited	Jersey	100%	100%	Real estate
Leopold Island South Limited	Jersey	100%	100%	Real estate
Impataka Island Limited	Jersey	100%	100%	Real estate
Isa Island Limited	Jersey	100%	100%	Real estate
Alice Island Limited	Jersey	100%	100%	Real estate
Uluru Island Limited	Jersey	100%	100%	Real estate
South Victoria Island Limited	Jersey	100%	100%	Real estate
Tasman Island Limited	Jersey	100%	100%	Real estate
Sirius Point Limited	Jersey	100%	100%	Real estate
Fraser Island Limited	Jersey	100%	100%	Real estate
New North Island Limited	Jersey	100%	100%	Real estate
New South Island Limited	Jersey	100%	100%	Real estate
Celebs Island Limited	Jersey	100%	100%	Real estate
Great Barrier Limited	Jersey	100%	100%	Real estate

Audited financial statements as at December 31, 2013 were obtained for the subsidiaries.

5- Investments at fair value through profit or loss

	2013	2012
Investments in quoted shares – Listed	36,923	37,383
Investments in shares – Unlisted	618,478	618,478
	655,401	655,861

Investments at fair value through profit or loss represent local quoted and unquoted shares in Kuwait.

Investments at fair value through profit or loss include an amount of KD 618,478 (2012: KD 618,478) that has been pledged against Murabaha payables (note 12).

6- Investments available for sale

Investments available for sale represent unquoted local shares. All investments available for sale managed through portfolio by specialized company.

During the year, the Group has been entered into debt settlement contract with related party to transfer a part of investments available for sale amounting to KD 593,447 against settlement of all debt in Wakala payable (note 12) which resulted in realized profit with amount of KD 178,034 included in consolidated statement of profit or loss.

7- Receivables and other debit balances

	2013	2012
Due from related parties (note 19)	**955,802**	1,285,555
Advance payment to suppliers	**50,705**	50,589
Refundable deposits	**7,028**	6,938
Prepaid expenses	**2,776**	3,007
Other debit balances	**206**	1,830
	1,016,517	1,347,919

The carrying amount of receivables and other debit balances approximates its fair value, and do not include impaired assets that should be decreased. The maximum exposure to credit risk at the consolidated financial statement date is the fair value of each item of receivables mentioned above.

8- Investment in associate

		Percentage of equity		Book Value	
Name of associate	Country	**2013**	2012	**2013**	2012
Gibson Island North Limited	Jersey	**%22.58**	%22.58	**1,586,239**	1,582,607

The movement during the year is as follows:

	2013	2012
Balance at 1, January	**1,582,607**	-
Transferred from investment properties (note 10)	-	1,582,607
Foreign currency translation differences	**3,632**	-
Balance at 31, December	**1,586,239**	1,582,607

Share in the associate based on the financial position items:

	2013	2012
Total assets	**1,586,239**	1,582,607
Net assets	**1,586,239**	1,582,607

9- Investment properties under development

	2013	2012
Balance at beginning of the year	37,632,743	37,266,387
Foreign currency translation differences	86,343	361,018
Changes from fair value	-	5,338
	37,719,086	37,632,743

Investment properties under development represent the amounts paid on acquiring and developing one of the world islands project – Dubai.

The investment properties under development have been recorded at fair value, on the basis of valuation carried out by two independent valuators, and there was no substantial change during the year in the value of those properties with functional currency (AED).

10- Investment properties

	2013	2012
Balance at beginning of the year	241,045,250	372,264,021
Additions	46,823	-
Transferred to investment in associate (note 8)	-	(1,582,607)
Disposal from sale of subsidiaries	-	(54,998,854)
Disposal as a result of the settlement (note 12)	(9,421,566)	-
Foreign currency translation differences	574,147	2,357,986
Change in fair value	448,190	(76,995,296)
	232,692,844	241,045,250

The investment properties consist of 15 islands in the world islands project – Dubai for the value of KD 192,552,313 and another property in Kingdom of Bahrain for the value of KD 40,140,531.

During the year, the Group has transferred the ownership of part of properties in Kingdom of Bahrain to one of the creditors against settlement a part of Murabaha payable amounting to KD 9,421,566 (note 12). There was no profit or loss resulted from the settlement.

The investment properties have been recorded at fair value, based on valuation carried out by two independent valuators from Kingdom of Bahrain and United Arab Emirates, and there was no substantial change during the year in the value of those properties with functional currency (AED).

Investment properties with a value of KD 40,140,531 (2012: KD 48,933,710) has been pledged against Murabaha payables (note 12).

11- Payables and accrued expenses

	2013	2012
Trade payables	2,794,307	2,817,748
Due to related parties (note 19)	184,291	135,807
Accrued expenses	267,558	224,825
Kuwait foundation for advancement of science	1,330,348	1,330,348
Zakat tax	983,750	983,750
Advance payment from customers	114,294	114,032
Provision for contingent liabilities	226,891	-
Leave provision	55,316	49,431
	5,956,755	5,655,941

12- Term financing

	2013	2012
Wakala payables	-	583,377
Murabaha payables	30,998,664	37,924,640
	30,998,664	38,508,017

During the year the Group has transferred the ownership of part of properties in Kingdom of Bahrain to one of the creditors against settle part of Murabaha payables amounting to KD 9,421,566 (note 10), there was no profit or loss resulted from this settlement, it was also agreed with the credits that the debt maturity date become at June 2016 and to reduce it with average cost to 6% (2012: 10%)

The group has entered into debt settlement contract with related parties which resulted in transferring a part of investments available for sale amounting to KD 593,447 (note 6) against settlements of all debt in Wakala payables, which resulted in realized profit with amount of KD178,038 included in consolidated statement of profit or loss .

Murabaha payables is granted against mortgage placed on investment properties amounting to KD 40,140,531 as of December 31,2013 (2012 : KD 48,933,710) (note10) and investments at fair value through profit or loss amounting to KD 618,478 (2012 :KD618,478) (note5).

13- Share capital

The authorized, issued and fully paid-up in cash share capital of the Parent Company amounting to KD 262,500,000 divided into 2,625,000,000 shares of 100 fils each share.

14- Statutory reserve

As required by the Companies Law and the Parent company's articles of association, 10% of annual net profit before KFAS, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent company's articles of association. There was no transfer to statutory reserve due to accumulated losses.

15- Voluntary reserve

As required by the Parent company's articles of association, a percentage of the net profit for the year before KFAS and Board of Directors' remuneration is transferred to voluntary reserve based on proposal by the Board of Directors and approval of the general assembly. Such transfer may be discontinued by a resolution of the Shareholders upon recommendation by the Board of Directors. There was no transfer to voluntary reserve due to accumulated losses.

16- Other losses

	2013	2012
Foreign exchange differences	(209,991)	(276,750)
Gains from sale of property and equipment	-	3,244
Other	6,609	12,306
	(203,382)	(261,200)

17- General and administrative expenses

General and administrative expenses include amount of KD 263,642 as staff costs and KD 19,180 as consultancy professional fees and business developments for the year ended December 31, 2013 (KD 230,811 and KD 36,670 respectively for the year ended December 31, 2012).

18- Loss per share (fils)

Loss per share are calculated by dividing net loss over the weighted average number of ordinary shares outstanding during the year as follows:

	2013	2012
Net loss for the year (KD)	(2,580,336)	(101,549,898)
Weighted average number of outstanding shares	2,625,000,000	2,625,000,000
Loss per share (fils)	(0.98)	(38.69)

19- Transaction with related parties

Related parties ordinarily comprise shareholders, Board of Directors, executive officers and senior management members of the Group, their families and companies of which they are the principal owners. The Group's management decides on the terms and conditions of the transactions and services received/rendered from/to related parties besides other expenses. Amounts due from/to related parties are interest free and without maturity date. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

Balances and significant transactions with related parties comprise of:

	2013	2012
Consolidated statement of financial position		
Investments at fair value through profit or loss	618,478	618,478
Due from related parties	955,802	1,285,555
Due to related parties	184,291	135,807

	2013	2012
Consolidated statement of profit or loss		
Loss from sale of subsidiaries	-	14,399,544
Gain on sale of investments available for sale	178,034	-
Finance costs	10,069	734,987
Compensation of key management personnel	-	36,000

20- Segment financial information

Main information segments – Activities segment

The Group manages its activities through two main segments:

- Real estate segments

- Investments segments

	2013			2012		
	Real Estate	Investments	Total	Real Estate	Investments	Total
Revenue	448,190	177,574	625,764	(91,389,502)	(5,618,367)	(97,007,869)
Expenses	(589,984)	(1,195)	(591,179)	(399,839)	(380)	(400,219)
Profit/(Loss) for the year before other losses and undistributed expenses	(141,794)	176,379	34,585	(91,789,341)	(5,618,747)	(97,408,088)
Finance cost			(2,411,539)			(3,880,610)
Other loss			(203,382)			(261,200)
Net loss			(2,580,336)			(101,549,898)

21- The geographic distribution for assets/liabilities

	Assets		Liabilities	
	2013	2012	**2013**	2012
State of Kuwait	**2,036,386**	2,650,960	**2,605,298**	41,237,407
UAE	**231,917,467**	231,404,764	**3,187,541**	3,148,181
Kingdom of Bahrain	**40,173,050**	48,967,896	**31,394,137**	2,340
	274,126,903	283,023,620	**37,186,976**	44,387,928

22- Board of Directors proposals

The Board of Directors proposed not to distribute dividends for the year ended December 31, 2013 and also proposed not to distribute remuneration for Board of Directors for 2013.

These proposals are subject to the approval of the shareholders general assembly.

23- Going concern

The Group's Current liabilities exceeded its current assets with amounted of KD 4,505,962 (2012: KD 42,189,337) the consolidated financial statements has been prepared on the assumption of the going concern of the Group.

24- Financial instruments and financial risks management

A) Financial instruments

Significant accounting policies

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and liabilities are disclosed in note (3) to the financial statements.

Categories of financial instruments

The Group's financial assets and liabilities are categorized in the consolidated statement of financial position as follows:

	2013	2012
Financial assets:		
Cash and cash equivalents	**50,088**	58,831
Investments at fair value through profit or loss	**655,401**	655,861
Investments available for sale	**406,553**	700,000
Receivables and other debit balances	**1,016,517**	1,347,919
	2,128,559	2,762,611

	2013	2012
Financial liabilities:		
Payables and accrued expenses	**5,956,755**	5,655,941
Term financing	**30,998,664**	38,508,017
	36,955,419	44,163,958

Fair value of financial instruments:

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The Group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.

The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Fair value measurement recognized in the statement of financial position:
In accordance with the requirements IFRS 7, the Group's provide certain information about financial instruments measured at fair value in the consolidated statement of financial position.

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy Groups financial assets and liabilities into two levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

December 31, 2013	Level 1	Level 2	Total
Investments at fair value through profit or loss			
Quoted shares	36,923	-	36,923
Unquoted shares	-	618,478	618,478
Investments available for sale			
Unquoted shares	-	406,553	406,553
Total	36,923	1,025,031	1,061,954

December 31, 2012	Level 1	Level 2	Total
Investments at fair value through profit or loss			
Quoted shares	37,383	-	37,383
Unquoted shares	-	618,478	618,478
Investments available for sale			
Unquoted shares	-	700,000	700,000
Total	37,383	1,318,478	1,355,861

B) Financial risks management
The Group's use of financial instruments exposes it to financial risks such as credit risk, market risk, and liquidity risk.

The Group continuously reviews its risk exposures and takes the necessary procedures to limit these risks at acceptable levels.

The significant risks that the Group is exposed to are as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of cash at bank. The cash deposited at local banks and financial institutions to a void concentration of credit in one bank.

Liquidity risks
Liquidity risks are the risk that the Group will be unable to meet its cash obligations. The management of liquidity risks consists of keeping sufficient cash, arranging financing sources through enough facilities, managing highly liquid assets and monitoring liquidity on a periodical basis by method of future cash flow.

The maturity of liabilities stated below based on the period from the financial position date to the contractual maturity date. In case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed to settle the liability.

Liabilities stated below represents the contractual maturity of financial assets and liabilities based on undiscounted cash flows, as such, these balances accrued during period less than one year so the discount will be immaterial.

The following is maturity of the financial assets and liabilities as of December 31, 2013:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Assets				
Cash and cash equivalents	50,088	-	-	50,088
Investments at fair value through profit or loss	-	655,401	-	655,401
Investments available for sale	-	-	406,553	406,553
Receivables and other debit balances	81,000	935,517	-	1,016,517
Investment in associates	-	-	1,586,239	1,586,239
Investment properties under development	-	-	37,719,086	37,719,086
Investment properties	-	-	232,692,844	232,692,844
Property and equipment, and intangible assets	-	-	175	175
Total assets	131,088	1,590,918	272,404,897	274,126,903
Liabilities				
Payables and accrued expenses	24,669	5,932,086	-	5,956,755
Term financing	-	197,488	30,801,176	30,998,664
Provision for end of service indemnity	-	73,725	157,832	231,557
Total liabilities	24,669	6,203,299	30,959,008	37,186,976
Net liquidity gap	106,419	(4,612,381)	241,445,889	236,939,927

The following is the maturity of the financial assets and liabilities as of December 31, 2012:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Assets				
Cash and cash equivalents	58,831	-	-	58,831
Investments at fair value through profit or loss	-	655,861	-	655,861
Investments available for sale	-	-	700,000	700,000
Receivables and other debit balances	60,000	1,287,919	-	1,347,919
Investments in associates	-	-	1,582,607	1,582,607
Investment properties under development	-	-	37,632,743	37,632,743
Investment properties	-	-	241,045,250	241,045,250
Property and equipment, and intangible assets	-	-	409	409
Total assets	118,831	1,943,780	280,961,009	283,023,620
Liabilities				
Payables and accrued expenses	143,899	5,512,042	-	5,655,941
Term financing	20,214,955	18,293,062	-	38,508,017
Provision for end of service indemnity	87,990	-	135,980	223,970
Total liabilities	20,446,844	23,805,104	135,980	44,387,928
Net liquidity gap	(20,328,013)	(21,861,324)	280,825,029	238,635,692

Market risks

Market risk, comprise of price risk, interest rate risk and currency risk. These risks arise due to change in market prices, interest rates and foreign currency rates.

Foreign currencies risks

Foreign currencies risks arise from transactions with foreign currencies. The Group manages these risks by setting limits on transaction with other foreign currencies and counterparty and limiting its transaction business in major currencies with reputable counterparties.

The Group's is significantly expose to foreign currency risks as determined in the table blow which show monetary assets less monetary liabilities at the consolidated financial position date, after denominated into Kuwaiti Dinars at the closing rates are as follows:

	2013	2012
	Equivalent KD	Equivalent KD
US Dollar	151	3,623
UAE Dirham	228,729,926	228,297,729
Bahraini Dinar	8,778,570	10,922,782

If the foreign currencies had strengthened against the Kuwaiti Dinar assuming the above sensitivity 1%, then this would have the following impact on the profit for the year, and the Group's equity.

Currency	Percentage of changes in currencies	2013 Consolidated statement of profit or loss	2013 Equity	2012 Consolidated statement of profit or loss	2012 Equity
US Dollar	1%	2	-	36	-
UAE Dirham	1%	-	2,287,299	-	2,282,977
Bahraini Dinar	1%	-	87,786	-	109,228

If the foreign currencies had weakened against the Kuwaiti Dinar assuming the above sensitivity 1%, then there would be an equal and opposite impact on the profit for the year and the Group's equity.

Cash flow from interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially not affected by the changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group is not exposed to cash flow changes due to changes in the interest rates on Wakala and Murabaha payables as these facilities issued at fixed rates.

Equity price risks

To manage its equity price risks arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limitations set by the Board of Group.

During the year, the Group held investments classified on the consolidated statement of financial position as investments at fair value through profit or loss and investments available for sale.

The equity price risk sensitivity is determined on the assumptions of changes in Kuwait stock market by 5%+/- for the year 2013 and 2012.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the financial statements date. The analysis reflects the impact of positive changes to equity prices in accordance with the above-mentioned equity price risk sensitivity assumptions. All other variables are held constant.

	Consolidated statement of profit or loss		Equity	
	2013	2012	**2013**	2012
Investments at fair value through profit or loss	**32,770**	32,793	**-**	-
Investments available for sale	**-**	-	**20,328**	35,000

In case of a negative change in equity prices by 5% and other variables are held constant, there would be an equal and opposite impact on the profit for the year and equity and the balances shown above would be negative.

25- Capital risks management

The Group's objectives when managing capital is safeguarding the Group's ability to continue as a going concern to be able to provide returns to shareholders and benefits to other beneficiaries with risk level.

The Group determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of debt – to – adjusted equity. This ratio is calculated as net debts divided by total adjusted equity. Net debts calculated as total debts including facilities, as shown in the statement of financial position less cash and cash equivalent. Total adjusted equity comprise of all components of equity (share capital, reserves and accumulated losses).

The debt to equity ratio as follows:

	2013	2012
Debts	**30,998,664**	38,508,017
Less: cash and cash equivalent	**(50,088)**	(58,831)
Net debts	**30,948,576**	38,449,186
Total equity	**236,939,927**	238,635,692
Total equity and debts	**267,888,503**	277,084,878
Debt ratio to total equity and debts	**12%**	14%

26- Stand alone statement of financial position for Oqyana Real Estate Company K.S.C (Closed) – "Parent company":

	2013	2012
Assets		
Cash and cash equivalents	**18,292**	7,267
Investments at fair value through profit or loss	**655,401**	655,861
Investments available for sale	**406,553**	700,000
Investment in associates	**1,586,239**	1,582,607
Investment in subsidiaries	**266,920,689**	226,740,119
Receivables and other debit balances	**956,703**	1,288,337
Investment properties	**-**	48,933,710
Intangible assets	**1**	1
Property and equipment	**11**	70
Total assets	**270,543,889**	279,907,972
Liabilities and equity		
Liabilities		
Payables and accrued expenses	**2,506,532**	2,656,370
Term financing	**30,998,664**	38,508,017
Provision for end of service indemnity	**98,766**	107,893
Total liabilities	**33,603,962**	41,272,280
Equity		
Share capital	**262,500,000**	262,500,000
Statutory reserve	**18,839,156**	18,839,156
Voluntary reserve	**18,839,156**	18,839,156
Changes in fair value reserve	**121,966**	-
Foreign currency translation reserve	**1,959,025**	1,196,420
Accumulated losses	**(65,319,376)**	(62,739,040)
Total equity	**236,939,927**	238,635,692
Total liabilities and equity	**270,543,889**	279,907,972

27- Stand alone statement of profit or loss for Oqyana Real Estate Company K.S.C (Closed) – "Parent company":

	2013	2012
Revenues		
Real estate losses	**-**	(91,289,371)
Net gain/(losses) of investments	**177,574**	(5,618,367)
Share of gain/(losses) from subsidiaries	**56,440**	(3,374,209)
Other losses	**(196,792)**	(264,521)
	37,222	(100,546,468)
Expenses and other charges		
Finance cost	**(2,411,539)**	(813,954)
Depreciation and amortization	**(58)**	(58)
Management and custody fees	**(1,500)**	(1,500)
General and administrative expenses	**(204,461)**	(187,918)
Net loss for the year	**(2,580,336)**	(101,549,898)
Loss per share (fils)	**(0.98)**	(38.69)

OQYANA

REAL ESTATE