

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

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

31 MARCH 2014



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL MAZAYA HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2014 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

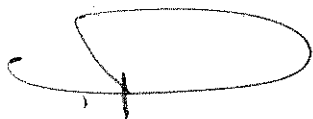
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2014 that might have had a material effect on the business of the Parent Company or on its financial position.



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



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

20 April 2014
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2014 (UNAUDITED)

	Notes	31 March 2014 KD	(Audited) 31 December 2013 KD	31 March 2013 KD
ASSETS				
Non-current assets				
Goodwill		2,266,732	2,266,732	2,266,732
Property and equipment		428,076	358,706	152,444
Investment properties	4	86,630,861	89,094,871	74,618,565
Investment in joint ventures and associate		13,883,636	14,250,135	14,593,435
Financial assets available for sale		12,005,978	12,750,873	12,405,091
		<u>115,215,283</u>	<u>118,721,317</u>	<u>104,036,267</u>
Current assets				
Properties held for trading	4	85,895,835	86,385,937	91,339,905
Accounts receivable and other debit balances		5,370,332	5,563,047	5,745,514
Cash and cash equivalents	5	19,756,762	17,445,840	16,908,995
		<u>111,022,929</u>	<u>109,394,824</u>	<u>113,994,414</u>
Total assets		<u>226,238,212</u>	<u>228,116,141</u>	<u>218,030,681</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		64,931,977	64,931,977	64,931,977
Share premium		21,655,393	21,655,393	21,655,393
Statutory reserve		10,289,898	10,289,898	9,675,780
Voluntary reserve		7,354,978	7,354,978	6,740,860
Fair value reserve		1,245,354	1,408,173	981,450
Treasury shares	6	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		802,985	673,551	(369,033)
Foreign currency translation reserve		(142,483)	636,546	976,634
Retained earnings		7,268,982	5,797,886	1,238,816
Equity attributable to equity holders of the Parent Company		<u>91,618,903</u>	<u>90,960,221</u>	<u>84,043,696</u>
Non-controlling interests		<u>6,446,577</u>	<u>6,207,117</u>	<u>4,795,361</u>
Total equity		<u>98,065,480</u>	<u>97,167,338</u>	<u>88,839,057</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		461,134	377,211	343,133
Tawarruq payable		20,076,652	20,497,705	-
Term loans		21,500,000	22,000,000	29,250,000
		<u>42,037,786</u>	<u>42,874,916</u>	<u>29,593,133</u>
Current liabilities				
Term loans		1,625,000	1,500,000	7,000,000
Tawarruq payable		2,524,595	2,399,595	-
Murabaha and wakala payables		-	-	8,497,300
Deferred consideration on acquisition of properties		-	-	3,999,592
Advances from customers		71,161,169	68,662,798	61,851,255
Accounts payable and other credit balances		7,877,602	12,523,867	15,391,424
Bank overdrafts	5	2,946,580	2,987,627	2,858,920
		<u>86,134,946</u>	<u>88,073,887</u>	<u>99,598,491</u>
Total liabilities		<u>128,172,732</u>	<u>130,948,803</u>	<u>129,191,624</u>
TOTAL LIABILITIES AND EQUITY		<u>226,238,212</u>	<u>228,116,141</u>	<u>218,030,681</u>

Rasheed Y. Al-Nafisi
Chairman

Ibrahim A. Al-Sogabi
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 March 2014 (UNAUDITED)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2014 KD</i>	<i>2013 KD</i>
Revenue from sale of properties held for trading		1,962,757	4,808,768
Rental income		1,173,788	862,748
Net management fees and commission income		354,328	258,392
REVENUE		3,490,873	5,929,908
Cost of sale of properties held for trading		(1,383,321)	(4,360,160)
Cost of rental		(294,282)	(251,102)
COST OF REVENUE		(1,677,603)	(4,611,262)
GROSS PROFIT		1,813,270	1,318,646
General and administrative expenses		(937,031)	(795,343)
Gain on disposal of investment properties		109,734	-
Share of results of joint venture and associates		906,679	50,197
Gain on partial disposal of an associate		1,110	-
Net investment income (loss)		58,417	(518,269)
Other income	7	243,480	1,202,171
Impairment charge on properties held for trading		-	(189,997)
Interest income		15,266	25,516
Finance costs		(622,896)	(639,196)
Foreign exchange (loss) gain		(3,014)	23,812
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		1,585,015	477,537
KFAS		(13,698)	-
NLST		(33,514)	-
Zakat		(8,307)	-
		1,529,496	477,537
Attributable to:			
Equity holders of the Parent Company		1,471,096	213,745
Non-controlling interests		58,400	263,792
PROFIT FOR THE PERIOD		1,529,496	477,537
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	2.37 fils	0.34 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2014 (UNAUDITED)

	<i>Three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>
Profit for the period	1,529,496	477,537
Other comprehensive income (loss):		
Net changes in fair value of financial assets available for sale	(221,253)	(485,393)
Transferred to income statement on impairment of financial assets available for sale	-	518,383
Transferred to income statement on sale of financial assets available for sale	58,417	(114)
Foreign currency translation adjustments	(779,029)	488,816
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods	(941,865)	521,692
Total comprehensive income for the period	587,631	999,229
Attributable to:		
Equity holders of the Parent Company	529,248	756,148
Non-controlling interests	58,383	243,081
	587,631	999,229

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2014 (UNAUDITED)

Equity attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Treasury shares KD	Other reserves KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
At 1 January 2014	64,931,977	21,655,393	10,289,898	7,354,978	1,408,173	(21,788,181)	673,551	636,546	5,797,886	90,960,221	6,207,117	97,167,338
Profit for the period	-	-	-	-	-	-	-	-	1,471,096	1,471,096	58,400	1,529,496
Other comprehensive (loss) income for the period	-	-	-	-	(162,819)	-	-	(779,029)	-	(941,848)	(17)	(941,865)
Total comprehensive (loss) income for the period	-	-	-	-	(162,819)	-	-	(779,029)	1,471,096	529,248	58,383	587,631
Partial disposal of subsidiary	-	-	-	-	-	-	129,434	-	-	129,434	181,077	310,511
At 31 March 2014	64,931,977	21,655,393	10,289,898	7,354,978	1,245,354	(21,788,181)	802,985	(142,483)	7,268,982	91,618,903	6,446,577	98,065,480
At 1 January 2013	64,931,977	21,655,393	9,675,780	6,740,860	927,863	(21,788,181)	(369,033)	487,818	1,025,071	83,287,548	4,552,280	87,839,828
Profit for the period	-	-	-	-	-	-	-	-	213,745	213,745	263,792	477,537
Other comprehensive income (loss) for the period	-	-	-	-	53,587	-	-	488,816	-	542,403	(20,711)	521,692
Total comprehensive income for the period	-	-	-	-	53,587	-	-	488,816	213,745	756,148	243,081	999,229
At 31 March 2013	64,931,977	21,655,393	9,675,780	6,740,860	981,450	(21,788,181)	(369,033)	976,634	1,238,816	84,043,696	4,795,361	88,839,057

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2014(UNAUDITED)

		Three months ended 31 March	
	Notes	2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, Zakat and NLST		1,585,015	477,537
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation		20,124	14,101
Gain on disposal of investment properties		(109,734)	-
Net investment (income) loss		(58,417)	518,269
Share of results from joint venture and associates		(906,679)	(50,197)
Gain on partial disposal of an associate		(1,110)	-
Other income		(243,480)	(1,202,171)
Impairment charge on properties held for trading		-	189,997
Interest income		(15,266)	(25,516)
Finance costs		622,896	639,196
Foreign exchange loss (gain)		3,014	(23,812)
Provision for employees' end of service benefits		89,219	21,246
		<u>985,582</u>	<u>558,650</u>
Working capital adjustments:			
Properties held for trading		446,054	2,561,838
Accounts receivable and other debit balances		192,715	(299,028)
Accounts payable and other credit balances		(4,461,318)	(1,063,325)
Advances from customers		2,498,371	18,656
		<u>(338,596)</u>	<u>1,776,791</u>
Cash flows (used in) from operations		(5,296)	(15,024)
Employees' end of service benefits paid			
		<u>(343,892)</u>	<u>1,761,767</u>
Net cash flows (used in) from operating activities			
INVESTING ACTIVITIES			
(Increase) decrease in restricted cash balances		(1,501,648)	13,500
Purchase of property and equipment		(89,494)	(5,632)
Addition to investment properties		(205,122)	(26,436)
Proceeds from disposal of investment properties		2,623,152	-
Movement in current account with joint venture		1,212,531	-
Proceeds received on partial disposal of an associate		15,488	3,918,125
Dividend received from an associate		-	235,195
Proceeds from sale of financial assets available for sale		645,711	3,739
Proceeds from partial disposal of a subsidiary		310,511	-
Interest income received		15,266	25,516
		<u>3,026,395</u>	<u>4,164,007</u>
Net cash flows from investing activities			
FINANCING ACTIVITIES			
Term loan repaid		(375,000)	(1,750,000)
Net movement in tawarruq payables		(296,053)	(2,700)
Finance costs paid		(622,896)	(639,196)
		<u>(1,293,949)</u>	<u>(2,391,896)</u>
Net cash flows used in financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>1,388,554</u>	<u>3,533,878</u>
Foreign currency translation adjustments		(538,233)	54,068
Cash and cash equivalents at the beginning of the period		8,311,357	4,266,287
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u>9,161,678</u>	<u>7,854,233</u>

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2014 (UNAUDITED)

1 CORPORATE INFORMATION

Al Mazaya Holding Company K.S.C.P. (the "Parent Company") was incorporated on 7 November 1998 under the Companies Law No. 25 of 2012 and as amended. The Parent Company is engaged in investment in local and foreign companies, real estate properties and consultancy services. This interim condensed consolidated financial information present the results of the Parent Company and its subsidiaries (collectively referred to as the "Group").

The registered head office of the Parent Company is at Mazaya Tower 01, Al Murqab, P.O. Box 3546, Safat 13036, State of Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2013 was authorised for issue in accordance with a resolution of the Board of Directors on 20 April 2014.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

The interim condensed consolidated financial information of the Group does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2013. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2013.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Group.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2013, except for the adoption of the following new standard / amendment to International Accounting Standards Board (IASB) Standard, applicable to the Group.

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

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2014 (UNAUDITED)

3 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares.

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

	<i>Three months ended 31 March</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	1,471,096	213,745
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	688,278,993	688,278,993
Less: weighted average number of treasury shares	(68,690,262)	(68,690,262)
Weighted average number of shares outstanding	619,588,731	619,588,731
Basic and diluted earning per share attributable to the equity holders of the Parent Company	2.37 fils	0.34 fils

The weighted average number of ordinary shares and treasury shares have been considered based on the new share capital after issuance of the bonus shares subsequent to the period end (note 12) and as a result the comparative period data used to compute basic and diluted earnings per share have been restated.

4 INVESTMENT PROPERTIES AND PROPERTIES HELD FOR TRADING

The fair value of investment properties and net realisable value of properties held for trading was determined as at 31 December 2013 by independent valuers who are specialised in valuing these types of properties. Management is of the view that no significant changes have occurred in fair values and net realisable values of these properties during the period ended 31 March 2014.

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>31 March 2013 KD</i>
Cash in hand and at banks	19,840,819	17,516,278	16,959,667
Cash in portfolios	(84,057)	(70,438)	(50,672)
	19,756,762	17,445,840	16,908,995
Bank overdrafts	(2,946,580)	(2,987,627)	(2,858,920)
	16,810,182	14,458,213	14,050,075
Restricted bank balances	(7,648,504)	(6,146,856)	(6,195,842)
	9,161,678	8,311,357	7,854,233

Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activity and these may not be available for use within 90 days.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2014 (UNAUDITED)

6 TREASURY SHARES

	<i>31 March 2014</i>	<i>(Audited) 31 December 2013</i>	<i>31 March 2013</i>
Number of shares	64,802,134	64,802,134	64,802,134
Percentage of issued shares (%)	9.98	9.98	9.98
Market value (KD)	8,294,673	6,480,213	6,156,203

7 OTHER INCOME

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

8 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Total 31 March 2014 KD</i>	<i>Total 31 March 2013 KD</i>
Interim condensed consolidated statement of income:					
Net management fees and commission income	-	86,576	-	86,576	201,805
Net rental income	-	-	-	-	35,131

	<i>Major shareholders KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Total 31 March 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>31 March 2013 KD</i>
Interim condensed consolidated statement of financial position:						
Amounts due from related parties *	298,990	566,639	-	865,629	717,282	722,882
Amounts due to related parties *	-	-	-	-	-	172,109
Cash and cash equivalents	-	-	-	-	-	36,679

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

8 RELATED PARTY TRANSACTIONS (continued)

Key management compensation:

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

	<i>31 March 2014 KD</i>	<i>31 March 2013 KD</i>
Salaries and other short term benefits	128,479	57,565
Terminal benefits	9,089	7,543
	<u>137,568</u>	<u>65,108</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2014 (UNAUDITED)

9 SEGMENT INFORMATION

For management purposes, the Group is divided into three main geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA) and others, where the Group performs its main activities in the real estate segment. There is no income generating transactions between the Group's segments.

	Three month period 31 March 2014					Three month period 31 March 2013				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	550,066	2,747,341	106,890	86,576	3,490,873	361,843	5,299,323	66,937	201,805	5,929,908
Segment (loss) profit	(793,408)	1,637,354	87,579	597,971	1,529,496	(1,248,357)	1,479,721	49,048	197,125	477,537
As at 31 March 2014										
	As at 31 March 2014					As at 31 March 2013				
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	69,056,679	139,945,527	5,142,572	12,093,434	226,238,212	59,274,958	142,119,190	4,920,687	11,715,846	218,030,681
Total segment liabilities	52,564,413	75,600,592	-	7,727	128,172,732	49,390,728	79,798,319	-	2,577	129,191,624
As at 31 December 2013 (Audited)										
	As at 31 December 2013 (Audited)									
	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Total segment assets	68,668,247	142,856,067	5,142,572	11,449,255	228,116,141					
Total segment liabilities	53,239,752	77,693,429	-	15,622	130,948,803					

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2014 (UNAUDITED)

10 CAPITAL COMMITMENTS

The Group has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction amounting to KD 20,515,395 (31 December 2013: KD 17,777,462 and 31 March 2013: KD 26,121,139).

11 FAIR VALUES OF FINANCIAL AND NON FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair values of assets by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

Financial instruments

Financial instruments comprise financial assets and financial liabilities

The fair value of financial assets and financial liabilities not carried at fair value are not materially different from their carrying value.

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

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 March 2014			
Financial assets available for sale	2,462,525	7,537,960	10,000,485
31 December 2013			
Financial assets available for sale	2,706,947	7,478,115	10,185,062
31 March 2013			
Financial assets available for sale	2,521,337	7,314,542	9,835,879

Certain unquoted investments with carrying value of KD 2,005,493 (31 December 2013: KD 2,565,811; 31 March 2013: KD 2,569,212) are carried at cost less impairment.

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

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11 FAIR VALUES OF FINANCIAL AND NON FINANCIAL INSTRUMENTS (continued)

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

	<i>At 1 January 2014 KD</i>	<i>Gain recorded in the interim condensed consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>At 31 March 2014 KD</i>
<i>Financial assets available for sale:</i>					
Managed portfolio	7,478,115	-	59,845	-	7,537,960

	<i>At 1 January 2013 KD</i>	<i>Loss recorded in the interim condensed consolidated statement of income KD</i>	<i>(Loss) gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>At 31 March 2013 KD</i>
<i>Financial assets available for sale:</i>					
Managed portfolio	7,606,660	(215,989)	(76,129)	-	7,314,542

Description of significant unobservable inputs to valuation of financial assets:

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

12 ANNUAL GENERAL ASSEMBLY AND BONUS SHARES

At the annual general meeting and extraordinary general meeting of the shareholders held on 19 March 2014, 6% bonus shares (2012: Nil) for the financial year ended 31 December 2013 was approved.

Subsequent to the period ended 31 March 2014, the Parent Company has obtained regulatory approval for the issuance of bonus shares and accordingly notified the Kuwait stock exchange to adjust the authorised and fully paid up share capital to comprise of 688,278,993 number of shares of 100 fils each.

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