

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

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

30 JUNE 2015



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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 30 June 2015 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended 30 June 2015 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-HUMAI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAI
& PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

12 July 2015
Kuwait

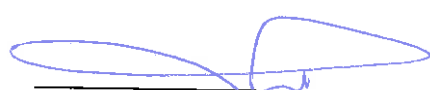
Al Mazaya Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015 (UNAUDITED)

	Notes	30 June 2015 KD	(Audited) 31 December 2014 KD	30 June 2014 KD
ASSETS				
Non-current assets				
Goodwill		2,266,732	2,266,732	2,266,732
Property and equipment		597,894	618,180	454,520
Investment properties	4	102,375,121	92,312,256	86,882,486
Investment in joint ventures and associate	5	12,485,567	12,884,446	11,763,285
Financial assets available for sale		12,040,943	12,072,697	12,036,818
Advances for purchase of properties	6	16,097,705	16,817,022	-
		<u>145,863,962</u>	<u>136,971,333</u>	<u>113,403,841</u>
Current assets				
Properties held for trading	4	92,710,980	98,751,223	84,695,395
Accounts receivable and other debit balances		9,664,742	9,848,399	6,990,671
Cash and cash equivalents	7	16,412,475	16,317,680	21,570,875
		<u>118,788,197</u>	<u>124,917,302</u>	<u>113,256,941</u>
Total assets		<u>264,652,159</u>	<u>261,888,635</u>	<u>226,660,782</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		68,827,896	68,827,896	68,827,896
Share premium		21,655,393	21,655,393	21,655,393
Statutory reserve		11,136,621	11,136,621	10,289,898
Voluntary reserve		8,201,701	8,201,701	7,354,978
Fair value reserve		1,298,791	1,340,732	1,326,653
Treasury shares	8	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		845,160	845,160	842,888
Foreign currency translation reserve		1,389,364	2,096,107	(103,319)
Retained earnings		8,670,226	8,294,866	5,000,121
Equity attributable to equity holders of the Parent Company		100,236,971	100,610,295	93,406,327
Non-controlling interests		7,209,278	7,145,155	6,581,825
Total equity		<u>107,446,249</u>	<u>107,755,450</u>	<u>99,988,152</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		653,016	586,008	492,798
Term loans		-	8,000,000	19,655,598
Tawarruq payable		67,706,553	48,254,413	21,000,000
		<u>68,359,569</u>	<u>56,840,421</u>	<u>41,148,396</u>
Current liabilities				
Term loans		-	4,500,000	1,750,000
Tawarruq payable		4,695,149	4,004,101	2,649,595
Advances from customers		70,702,159	79,656,977	71,693,675
Accounts payable and other credit balances		13,449,033	9,131,686	8,205,964
Bank overdrafts	7	-	-	1,225,000
		<u>88,846,341</u>	<u>97,292,764</u>	<u>85,524,234</u>
Total liabilities		<u>157,205,910</u>	<u>154,133,185</u>	<u>126,672,630</u>
TOTAL LIABILITIES AND EQUITY		<u>264,652,159</u>	<u>261,888,635</u>	<u>226,660,782</u>


Rashed Y. Al Nafisi
Chairman


Ibrahim A. Al Soqabi
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2015 (UNAUDITED)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 KD	2014 KD	2015 KD	2014 KD
Revenue from sale of properties held for trading		10,718,923	4,288,768	18,792,410	6,251,525
Rental income		1,585,868	1,291,859	3,051,636	2,465,647
Net management fees and commission income		9,062	72,453	55,100	426,781
REVENUE		12,313,853	5,653,080	21,899,146	9,143,953
Cost of sale of properties held for trading		(8,384,327)	(3,258,565)	(14,196,932)	(4,641,886)
Cost of rental		(344,890)	(254,717)	(671,229)	(548,999)
COST OF REVENUE		(8,729,217)	(3,513,282)	(14,868,161)	(5,190,885)
GROSS PROFIT		3,584,636	2,139,798	7,030,985	3,953,068
(Loss) gain on disposal of investment properties		(12,209)	-	(12,209)	109,682
Share of results of joint venture and associate		39,240	57,577	109,556	961,624
Gain on disposal of an associate and joint venture	5	877,086	892,836	877,086	893,946
General and administrative expenses		(1,118,003)	(976,224)	(2,021,144)	(1,910,571)
OPERATING INCOME		3,370,750	2,113,987	5,984,274	4,007,749
Net investment (loss) income		(20,020)	(49,304)	(28,418)	9,113
Other (loss) income		(33,782)	259,516	(151,481)	502,996
Interest income		10,455	12,492	18,607	27,758
Finance costs		(847,631)	(578,402)	(1,567,978)	(1,201,298)
Foreign exchange gain (loss)		9,929	(32,848)	26,477	(35,862)
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		2,489,701	1,725,441	4,281,481	3,310,456
KFAS		(22,045)	(15,038)	(37,957)	(28,736)
NLST		(45,063)	(28,675)	(81,077)	(62,189)
Zakat		(11,064)	(5,469)	(18,528)	(13,776)
		2,411,529	1,676,259	4,143,919	3,205,755
Attributable to:					
Equity holders of the Parent Company		2,377,535	1,627,058	4,092,433	3,098,154
Non-controlling interests		33,994	49,201	51,486	107,601
PROFIT FOR THE PERIOD		2,411,529	1,676,259	4,143,919	3,205,755
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	3.84 fils	2.63 fils	6.61 fils	5.00 fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015 (UNAUDITED)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	2,411,529	1,676,259	4,143,919	3,205,755
Other comprehensive (loss) income:				
<i>Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:</i>				
Net changes in fair value of financial assets available for sale	184,098	39,229	(28,870)	(65,190)
Transferred to income statement on impairment of financial assets available for sale	-	52,016	-	52,016
Transferred to income statement on sale of financial assets available for sale	(434)	(2,712)	(434)	(61,129)
Foreign currency translation adjustments	(1,739,638)	39,164	(706,743)	(739,865)
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods	(1,555,974)	127,697	(736,047)	(814,168)
Total comprehensive income for the period	855,555	1,803,956	3,407,872	2,391,587
Attributable to:				
Equity holders of the Parent Company	801,636	1,747,521	3,343,749	2,276,769
Non-controlling interests	53,919	56,435	64,123	114,818
	855,555	1,803,956	3,407,872	2,391,587

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Al Mazaya Holding Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2015 (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 2015	68,827,896	21,655,393	11,136,621	8,201,701	1,340,732	(21,788,181)	845,160	2,096,107	8,294,866	100,610,295	7,145,155	107,755,450
Profit for the period	-	-	-	-	-	-	-	-	4,092,433	4,092,433	51,486	4,143,919
Other comprehensive (loss) income for the period	-	-	-	-	(41,941)	-	-	(706,743)	-	(748,684)	12,637	(736,047)
Total comprehensive (loss) income for the period	-	-	-	-	(41,941)	-	-	(706,743)	4,092,433	3,343,749	64,123	3,407,872
Dividend paid (Note 13)	-	-	-	-	-	-	-	-	(3,717,073)	(3,717,073)	-	(3,717,073)
At 30 June 2015	68,827,896	21,655,393	11,136,621	8,201,701	1,298,791	(21,788,181)	845,160	1,389,364	8,670,226	100,236,971	7,209,278	107,446,249
At 1 January 2014	64,931,977	21,655,393	10,289,898	7,354,978	1,408,173	(21,788,181)	673,551	636,546	5,797,886	90,960,221	6,207,117	97,167,338
Profit for the period	-	-	-	-	-	-	-	-	3,098,154	3,098,154	107,601	3,205,755
Other comprehensive (loss) income for the period	-	-	-	-	(81,520)	-	-	(739,865)	-	(821,385)	7,217	(814,168)
Total comprehensive (loss) income for the period	-	-	-	-	(81,520)	-	-	(739,865)	3,098,154	2,276,769	114,818	2,391,587
Issue of bonus shares	3,895,919	-	-	-	-	-	-	-	(3,895,919)	-	-	-
Partial disposal of a subsidiary	-	-	-	-	-	-	169,337	-	-	169,337	259,890	429,227
At 30 June 2014	68,827,896	21,655,393	10,289,898	7,354,978	1,326,653	(21,788,181)	842,888	(103,319)	5,000,121	93,406,327	6,581,825	99,988,152

The attached notes 1 to 13 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 CASH FLOWS

For the period ended 30 June 2015 (UNAUDITED)

		Six months ended 30 June	
	Note	2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, Zakat and NLST		4,281,481	3,310,456
Adjustments to reconcile profit for the period before KFAS, Zakat and NLST to net cash flows:			
Depreciation		59,459	50,448
Loss (gain) on disposal of investment properties		12,209	(109,682)
Share of results from joint venture and associate		(39,240)	(961,624)
Gain on disposal of an associate and joint venture		(877,086)	(893,946)
Net investment loss (income)		28,418	(9,113)
Interest income		(18,607)	(27,758)
Finance costs		1,567,978	1,201,298
Foreign exchange (gain) loss		(26,477)	35,862
Provision for employees' end of service benefits		67,008	116,676
		<u>5,055,143</u>	<u>2,712,617</u>
Working capital adjustments:			
Properties held for trading		6,040,243	1,728,780
Accounts receivable and other debit balances		183,657	(1,463,486)
Accounts payable and other credit balances		5,054,496	(4,422,604)
Advances from customers		(8,954,818)	3,030,877
		<u>7,378,721</u>	<u>1,586,184</u>
Cash flows from operations		7,378,721	1,586,184
Employees' end of service benefits paid		-	(1,089)
		<u>7,378,721</u>	<u>1,585,095</u>
INVESTING ACTIVITIES			
Increase in restricted cash balances		(408,902)	(4,295,415)
Purchase of property and equipment		(39,173)	(146,262)
Addition to investment properties		(9,115,998)	(438,840)
Proceeds from disposal of investment properties		215,688	2,623,100
Movement in current account with joint venture		-	287,019
Proceeds received on partial disposal of an associate		-	1,209,899
Proceeds from sale of financial assets available for sale		2,884	2,807,322
Advances for purchase of properties		719,317	654,100
Proceeds from partial disposal of a subsidiary		-	429,227
Interest income received		18,607	27,758
		<u>(8,607,577)</u>	<u>3,157,908</u>
Net cash flows (used in) from investing activities		(8,607,577)	3,157,908
FINANCING ACTIVITIES			
Net movement in term loans		(12,500,000)	(750,000)
Dividend paid		(3,717,073)	-
Net movement in tawarruq payables		20,143,188	(592,107)
Finance costs paid		(1,567,978)	(1,201,298)
		<u>2,358,137</u>	<u>(2,543,405)</u>
Net cash flows from (used in) financing activities		2,358,137	(2,543,405)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>1,129,281</u>	<u>2,199,598</u>
Foreign currency translation adjustments		(1,443,388)	(607,351)
Cash and cash equivalents at the beginning of the period		6,170,984	8,311,357
		<u>6,170,984</u>	<u>8,311,357</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	5,856,877	9,903,604

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2015 (UNAUDITED)

1 CORPORATE INFORMATION

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

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

The interim condensed consolidated financial information of the Group for the period ended 30 June 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 12 July 2015.

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 2014. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2014.

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 2014.

3 BASIC AND DILUTED EARNING PER SHARE

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

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

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	<u>2,377,535</u>	<u>1,627,058</u>	<u>4,092,433</u>	<u>3,098,154</u>
Weighted average number of ordinary shares	<u>688,278,956</u>	<u>688,278,956</u>	<u>688,278,956</u>	<u>688,278,956</u>
Less: weighted average number of treasury shares	<u>(68,690,479)</u>	<u>(68,690,479)</u>	<u>(68,690,479)</u>	<u>(68,690,479)</u>
Weighted average number of shares outstanding	<u>619,588,477</u>	<u>619,588,477</u>	<u>619,588,477</u>	<u>619,588,477</u>
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	<u>3.84 fils</u>	<u>2.63 fils</u>	<u>6.61 fils</u>	<u>5.00 fils</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2015 (UNAUDITED)

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 2014 by independent valuers who are specialised in valuing these types of properties. Management is of the view that no significant changes have occurred in fair values and net realisable values of these properties during the period ended 30 June 2015.

5 INVESTMENT IN JOINT VENTURES AND ASSOCIATE

During the period ended 30 June 2015, the Group has disposed its investment in Joint ventures Al-Wahda Real Estate Investment Limited and Villa-492 Project with carrying value of KD 234,639 which has resulted in a gain amounting to KD 877,086 recognised in the consolidated statement of income.

6 ADVANCES FOR PURCHASE OF PROPERTIES

Advances for purchase of properties include an amount of TRY 114,000,000 equivalent to KD 12,912,028 which represent amount paid to a joint venture of the Parent Company to purchase properties in Turkey.

7 CASH AND CASH EQUIVALENTS

	30 June 2015 KD	(Audited) 31 December 2014 KD	30 June 2014 KD
Cash in hand and at banks	16,399,263	16,239,794	21,537,754
Cash in portfolios	13,212	77,886	33,121
	16,412,475	16,317,680	21,570,875
Bank overdrafts	-	-	(1,225,000)
	16,412,475	16,317,680	20,345,875
Restricted bank balances	(10,555,598)	(10,146,696)	(10,442,271)
	5,856,877	6,170,984	9,903,604

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.

8 TREASURY SHARES

	30 June 2015	(Audited) 31 December 2014	30 June 2014
Number of shares	68,690,479	68,690,479	68,690,262
Percentage of issued shares (%)	9.98	9.98	9.98
Market value (KD)	7,830,715	8,380,238	7,572,415

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2015 (UNAUDITED)

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.

	<i>Associates</i>	<i>Total</i>	<i>Total</i>
		<i>30 June</i>	<i>30 June</i>
		<i>2015</i>	<i>2014</i>
Interim condensed consolidated statement of income:	KD	KD	KD
Net management fees and commission income	-	-	98,223

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

Key management compensation:

	30 June 2015 KD	30 June 2014 KD
Salaries and other short term benefits	330,559	256,958
Terminal benefits	46,120	18,178
	<u>376,679</u>	<u>275,136</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2015 (UNAUDITED)

10 SEGMENT INFORMATION

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

	Six month period 30 June 2015					Six month period 30 June 2014					
	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Others KD	Total KD
Segment revenue	1,568,569	20,093,448	231,471	-	5,658	21,899,146	1,166,735	7,667,977	212,906	96,335	9,143,953
Segment (loss) profit	(491,882)	4,442,716	187,427	-	5,658	4,143,919	(1,592,959)	3,053,385	178,421	1,566,907	3,205,755
As at 30 June 2015											
Total segment assets	69,946,454	154,294,599	5,196,577	16,271,542	18,942,987	264,652,159	70,643,759	140,688,660	5,142,572	10,185,791	226,660,782
Total segment liabilities	62,081,432	95,112,807	-	-	11,671	157,205,910	50,156,088	76,508,816	-	7,726	126,672,630
As at 31 December 2014 (Audited)											
Total segment assets	61,624,690	158,673,149	5,196,577	18,568,567	17,825,652	261,888,635	17,825,652	261,888,635			
Total segment liabilities	49,234,937	104,884,598	-	-	13,650	154,133,185	13,650	154,133,185			

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 30 June 2015 (UNAUDITED)

11 CAPITAL COMMITMENTS

The Group has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction amounting to KD 15,068,055 (31 December 2014: KD 17,418,130 and 30 June 2014: KD 18,122,156).

12 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>
30 June 2015			
Financial assets available for sale	2,419,867	7,689,642	10,109,509
31 December 2014			
Financial assets available for sale	2,727,631	7,413,632	10,141,263
30 June 2014			
Financial assets available for sale	2,281,801	7,823,870	10,105,671

Certain unquoted investments with carrying value of KD 1,931,434 (31 December 2014: KD 1,931,434; 30 June 2014: KD 1,931,147) are carried at cost less impairment.

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12 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 2015 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 30 June 2015 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,413,632	-	276,010	-	7,689,642

	<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 30 June 2014 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,478,115	-	345,755	-	7,823,870

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.

13 ANNUAL GENERAL ASSEMBLY

At the annual general meeting of the shareholders held on 8 March 2015, 6% cash dividend for the financial year ended 31 December 2014 was approved.

The proposed board of director's remuneration amounting to KD 120,000 for the year ended 31 December 2014 was approved by the general assembly held on 8 March 2015.