

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

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

30 SEPTEMBER 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 September 2015 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and nine 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 nine 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 nine months period ended 30 September 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

13 October 2015
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015 (UNAUDITED)

	Notes	30 September 2015 KD	(Audited) 31 December 2014 KD	30 September 2014 KD
ASSETS				
Non-current assets				
Goodwill				
Property and equipment		2,266,732	2,266,732	2,266,732
Investment properties		576,211	618,180	446,730
Investment in joint ventures and associate		102,561,906	92,312,256	91,462,727
Financial assets available for sale		12,922,708	12,884,446	8,549,521
Advances for purchase of properties	4	11,314,073	12,072,697	14,877,026
		15,069,495	16,817,022	-
		<u>144,711,125</u>	<u>136,971,333</u>	<u>117,602,736</u>
Current assets				
Properties held for trading		83,416,773	98,751,223	88,430,663
Accounts receivable and other debit balances		10,005,372	9,848,399	9,067,466
Bank balances and cash	5	25,719,797	16,317,680	18,765,749
		<u>119,141,942</u>	<u>124,917,302</u>	<u>116,263,878</u>
Total assets		<u>263,853,067</u>	<u>261,888,635</u>	<u>233,866,614</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		582,882	1,340,732	2,741,969
Treasury shares	6	(21,788,181)	(21,788,181)	(21,788,181)
Other reserves		845,160	845,160	845,160
Foreign currency translation reserve		(631,004)	2,096,107	506,080
Retained earnings		11,305,805	8,294,866	7,564,454
Equity attributable to equity holders of the Parent Company		<u>100,136,273</u>	<u>100,610,295</u>	<u>97,997,647</u>
Non-controlling interests		<u>7,221,607</u>	<u>7,145,155</u>	<u>6,644,395</u>
Total equity		<u>107,357,880</u>	<u>107,755,450</u>	<u>104,642,042</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		673,972	586,008	465,328
Term loans		-	8,000,000	31,234,545
Tawarruq payable		<u>77,443,931</u>	<u>48,254,413</u>	<u>12,500,000</u>
		<u>78,117,903</u>	<u>56,840,421</u>	<u>44,199,873</u>
Current liabilities				
Term loans		-	4,500,000	-
Tawarruq payable		6,051,612	4,004,101	2,774,596
Advances from customers		57,829,462	79,656,977	73,277,396
Accounts payable and other credit balances		14,496,210	9,131,686	8,972,707
		<u>78,377,284</u>	<u>97,292,764</u>	<u>85,024,699</u>
Total liabilities		<u>156,495,187</u>	<u>154,133,185</u>	<u>129,224,572</u>
TOTAL LIABILITIES AND EQUITY		<u>263,853,067</u>	<u>261,888,635</u>	<u>233,866,614</u>

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

The attached notes 1 to 11 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 September 2015 (UNAUDITED)

	Three months ended 30 September		Nine months ended 30 September	
	2015 KD	2014 KD	2015 KD	2014 KD
Revenue from sale of properties held for trading	15,434,103	4,637,303	34,226,513	10,888,828
Rental income	1,622,287	1,417,123	4,673,923	3,882,770
Net management fees and commission income	11,963	100,476	67,063	527,257
REVENUE	17,068,353	6,154,902	38,967,499	15,298,855
Cost of sale of properties held for trading	(12,171,952)	(4,459,247)	(26,368,884)	(9,101,133)
Cost of rental	(271,306)	(258,555)	(942,535)	(807,554)
COST OF REVENUE	(12,443,258)	(4,717,802)	(27,311,419)	(9,908,687)
GROSS PROFIT	4,625,095	1,437,100	11,656,080	5,390,168
Gain (loss) on disposal of investment properties	-	73,507	(12,209)	183,189
Share of results of joint venture and associate	-	32,607	109,556	994,231
Gain on disposal of an associate and joint venture	-	2,034,869	877,086	2,928,815
General and administrative expenses	(1,130,542)	(1,758,651)	(3,151,686)	(3,669,222)
OPERATING INCOME	3,494,553	1,819,432	9,478,827	5,827,181
Net investment income	106,043	1,212,839	77,625	1,221,952
Other income	173,167	160,031	21,686	663,027
Interest income	7,339	12,729	25,946	40,487
Finance costs	(1,003,284)	(550,569)	(2,571,262)	(1,751,867)
Foreign exchange (loss) gain	(15,877)	53,752	10,600	17,890
Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat	2,761,941	2,708,214	7,043,422	6,018,670
KFAS	(24,581)	(23,773)	(62,538)	(52,509)
NLST	(61,970)	(47,419)	(143,047)	(109,608)
Zakat	(16,521)	(12,117)	(35,049)	(25,893)
	2,658,869	2,624,905	6,802,788	5,830,660
Attributable to:				
Equity holders of the Parent Company	2,635,579	2,564,333	6,728,012	5,662,487
Non-controlling interests	23,290	60,572	74,776	168,173
PROFIT FOR THE PERIOD	2,658,869	2,624,905	6,802,788	5,830,660
BASIC AND DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4.25 fils	4.14 fils	10.86 fils	9.14 fils

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The attached notes 1 to 11 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 September 2015 (UNAUDITED)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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	2,658,869	2,624,905	6,802,788	5,830,660
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	(726,870)	1,410,939	(755,740)	1,345,749
Transferred to consolidated statement of income on impairment of financial assets available for sale	-	-	-	52,016
Transferred to consolidated statement of income on sale of financial assets available for sale	-	-	(434)	(61,129)
Foreign currency translation adjustments	(2,020,368)	609,399	(2,727,111)	(130,466)
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods	(2,747,238)	2,020,338	(3,483,285)	1,206,170
Total comprehensive (loss) income for the period	(88,369)	4,645,243	3,319,503	7,036,830
Attributable to:				
Equity holders of the Parent Company	(100,698)	4,589,048	3,243,051	6,865,817
Non-controlling interests	12,329	56,195	76,452	171,013
	(88,369)	4,645,243	3,319,503	7,036,830

The attached notes 1 to 11 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 September 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	-	-	-	-	-	-	-	-	6,728,012	6,728,012	74,776	6,802,788
Other comprehensive (loss) income for the period	-	-	-	-	(757,850)	-	-	(2,727,111)	-	(3,484,961)	1,676	(3,483,285)
Total comprehensive (loss) income for the period	-	-	-	-	(757,850)	-	-	(2,727,111)	6,728,012	3,243,051	76,452	3,319,503
Dividend paid (Note 11)	-	-	-	-	-	-	-	-	(3,717,073)	(3,717,073)	-	(3,717,073)
At 30 September 2015	68,827,896	21,655,393	11,136,621	8,201,701	582,882	(21,788,181)	845,160	(631,004)	11,305,805	100,136,273	7,221,607	107,357,880
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	-	-	-	-	-	-	-	-	5,662,487	5,662,487	168,173	5,830,660
Other comprehensive income (loss) for the period	-	-	-	-	1,333,796	-	-	(130,466)	-	1,203,330	2,840	1,206,170
Total comprehensive income (loss) for the period	-	-	-	-	1,333,796	-	-	(130,466)	5,662,487	6,865,817	171,013	7,036,830
Issue of bonus shares	3,895,919	-	-	-	-	-	-	-	(3,895,919)	-	-	-
Partial disposal of a subsidiary	-	-	-	-	-	-	171,609	-	-	171,609	266,265	437,874
At 30 September 2014	68,827,896	21,655,393	10,289,898	7,354,978	2,741,969	(21,788,181)	845,160	506,080	7,564,454	97,997,647	6,644,395	104,642,042

The attached notes 1 to 11 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 September 2015 (UNAUDITED)

	Nine months ended 30 September	
	2015 KD	2014 KD
OPERATING ACTIVITIES		
Profit for the period before KFAS, Zakat and NLST	7,043,422	6,018,670
Adjustments to reconcile profit for the period before KFAS, Zakat and NLST to net cash flows:		
Depreciation	133,670	85,013
Loss (gain) on disposal of investment properties	12,209	(183,189)
Share of results from joint venture and associate	(109,556)	(994,231)
Gain on disposal of an associate and joint venture	(877,086)	(2,928,815)
Net investment income	(77,625)	(1,221,952)
Interest income	(25,946)	(40,487)
Finance costs	2,571,262	1,751,867
Foreign exchange gain	(10,600)	(17,890)
Provision for employees' end of service benefits	87,964	140,003
	8,747,714	2,608,989
Working capital adjustments:		
Properties held for trading	15,334,450	(1,493,373)
Accounts receivable and other debit balances	(156,973)	(3,486,529)
Accounts payable and other credit balances	6,088,767	(4,018,057)
Advances from customers	(21,827,515)	4,614,598
	8,186,443	(1,774,372)
Cash flows from (used in) operations		
Employees' end of service benefits paid	-	(51,886)
	8,186,443	(1,826,258)
Net cash flows from (used in) operating activities	8,186,443	(1,826,258)
INVESTING ACTIVITIES		
Increase in restricted cash balances	(93,367)	(3,953,594)
Purchase of property and equipment	(91,701)	(173,037)
Dividend received from an associate	-	287,019
Additions to investment properties	(9,281,311)	(4,788,218)
Proceeds from disposal of investment properties	215,688	2,921,800
Movement in current account with joint venture	-	1,242,506
Proceeds from disposal of joint venture	234,639	-
Investment in joint venture	(912,000)	-
Proceeds received on partial disposal of an associate	-	3,012,389
Proceeds from sale of financial assets available for sale	2,884	5,686,303
Advances for purchase of properties	1,747,527	-
Proceeds from partial disposal of a subsidiary	-	437,874
Interest income received	25,946	40,487
	(8,151,695)	4,713,529
Net cash flows (used in) from investing activities	(8,151,695)	4,713,529
FINANCING ACTIVITIES		
Net movement in term loans	(12,500,000)	(11,000,000)
Dividend paid	(3,717,073)	-
Net movement in tawarruq payables	31,237,029	11,111,840
Finance costs paid	(2,571,262)	(1,472,979)
	12,448,694	(1,361,139)
Net cash flows from (used in) financing activities	12,448,694	(1,361,139)
NET INCREASE IN BANK BALANCES AND CASH	12,483,442	1,526,132
Foreign currency translation adjustments	(3,174,692)	(1,172,190)
Bank balances and cash at the beginning of the period	6,170,984	8,311,357
BANK BALANCES AND CASH AT THE END OF THE PERIOD	5 15,479,734	8,665,299

The attached notes 1 to 11 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 September 2015 (UNAUDITED)

1 CORPORATE INFORMATION

Al Mazaya Holding Company K.S.C.P. (the "Parent Company") was incorporated on 7 November 1998. 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 September 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 13 October 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 September 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 except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

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 ordinary shares outstanding during the period less weighted average numbers of treasury shares.

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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	2,635,579	2,564,333	6,728,012	5,662,487
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares	688,278,956	688,278,956	688,278,956	688,278,956
Less: weighted average number of treasury shares	(68,690,479)	(68,690,262)	(68,690,479)	(68,690,262)
Weighted average number of shares outstanding	619,588,477	619,588,694	619,588,477	619,588,694
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	4.25 fils	4.14 fils	10.86 fils	9.14 fils

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2015 (UNAUDITED)

4 ADVANCES FOR PURCHASE OF PROPERTIES

Advances for purchase of properties include an amount of TRY 114,000,000 equivalent to KD 11,366,025 which represent amount paid to a joint venture of the Parent Company to purchase properties in Turkey.

5 BANK BALANCES AND CASH

	30 September 2015 KD	(Audited) 31 December 2014 KD	30 September 2014 KD
Cash in hand and at banks	25,707,911	16,239,794	18,733,454
Cash in investment portfolios	11,886	77,886	32,295
	<u>25,719,797</u>	<u>16,317,680</u>	<u>18,765,749</u>
Restricted bank balances	(10,240,063)	(10,146,696)	(10,100,450)
	<u>15,479,734</u>	<u>6,170,984</u>	<u>8,665,299</u>

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

6 TREASURY SHARES

	30 September 2015	(Audited) 31 December 2014	30 September 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)	6,869,048	8,380,238	9,616,637

7 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 and balances with related parties included in the interim condensed consolidated financial information are as follows:

	Associates KD	Total 30 September 2015 KD	Total 30 September 2014 KD
Interim condensed consolidated statement of income:			
Net management fees and commission income	-	-	156,703
Net rental income	-	-	108,616

	Major shareholders KD	Joint venture and associates KD	Total 30 September 2015 KD	(Audited) 31 December 2014 KD	30 September 2014 KD
Interim condensed consolidated statement of financial position:					
Advances for purchase of properties	-	11,366,025	11,366,025	14,656,980	-
Accounts receivable and other debit balances*	526,623	289,985	816,608	1,761,850	728,739
Accounts payable and other credit balances*	1,579,374	-	1,579,374	-	-

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2015 (UNAUDITED)

7 RELATED PARTY TRANSACTIONS (continued)

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

Amounts due to related parties comprise an amount of KD 1,575,937 (2014: Nil) which represents an advance received for partial disposal of a subsidiary.

Key management compensation:

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

	<i>30 September 2015 KD</i>	<i>30 September 2014 KD</i>
Salaries and other short term benefits	528,518	517,698
Terminal benefits	34,097	34,825
	<u>562,615</u>	<u>552,523</u>

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

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

8 SEGMENT INFORMATION

For management purposes, the Group is divided into five 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.

	Nine month period 30 September 2015						Nine month period 30 September 2014					
	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Others	Total	
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Segment revenue	2,377,822	36,210,206	348,423	-	31,048	38,967,499	1,875,367	12,944,668	322,117	156,703	15,298,855	
Segment (loss) profit	(145,721)	6,643,384	295,645	-	9,480	6,802,788	(309,643)	581,943	266,303	5,292,057	5,830,660	
As at 30 September 2015												
Total segment assets	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Others	Total	
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Total segment liabilities	87,722,939	145,911,760	5,196,577	15,189,541	9,832,250	263,853,067	73,814,687	145,640,132	5,142,572	9,269,223	233,866,614	
	74,443,092	82,040,254	-	-	11,841	156,495,187	50,456,110	78,760,737	-	7,725	129,224,572	
As at 31 December 2014 (Audited)												
Total segment assets	Kuwait	UAE	KSA	Turkey	Others	Total	Kuwait	UAE	KSA	Others	Total	
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Total segment liabilities	61,624,690	158,673,149	5,196,577	18,568,567	17,825,652	261,888,635	17,825,652	261,888,635	-	7,725	129,224,572	
	49,234,937	104,884,598	-	-	13,650	154,133,185	13,650	154,133,185	-	7,725	129,224,572	

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9 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 12,517,642 (31 December 2014: KD 17,418,130 and 30 September 2014: KD 17,395,967).

10 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 September 2015			
Financial assets available for sale	1,934,454	7,448,185	9,382,639
31 December 2014			
Financial assets available for sale	2,727,631	7,413,632	10,141,263
30 September 2014			
Financial assets available for sale	5,316,897	7,658,308	12,975,205

Certain unquoted investments with carrying value of KD 1,931,434 (31 December 2014: KD 1,931,434 and 30 September 2014: KD 1,901,821) are carried at cost less impairment losses.

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</i> <i>1 January</i> <i>2015</i> <i>KD</i>	<i>Gain</i> <i>recorded in the</i> <i>interim</i> <i>condensed</i> <i>consolidated</i> <i>statement of</i> <i>income</i> <i>KD</i>	<i>Gain recorded in</i> <i>other</i> <i>comprehensive</i> <i>income</i> <i>KD</i>	<i>Net purchases, sales</i> <i>and settlements</i> <i>KD</i>	<i>At</i> <i>30 September</i> <i>2015</i> <i>KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,413,632	-	34,553	-	7,448,185

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

	<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 September 2014 KD</i>
<i>Financial assets available for sale:</i>					
Funds and managed portfolio	7,478,115		180,193	-	7,658,308

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.

11 ANNUAL GENERAL ASSEMBLY

The annual general meeting of the shareholders held on 8 March 2015, has approved 6% cash dividend and board of director's remuneration amounting to KD 120,000 for the fiscal year ended 31 December 2014.