NATIONAL INTERNATIONAL HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2015

EY
Building a better working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National International Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and 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 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 condensed consolidated 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 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 have occurred during the three months period ended 31 March 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-HUMAIDI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAIDI & PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

13 May 2015
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2015

		Three months ended 31 March	
	Notes	***2015*** ***KD***	*2014* *KD*
Realised gain on sale of financial assets at fair value through profit or loss		**28,925**	41,768
Unrealised loss on financial assets at fair value through profit or loss		**(24,039)**	(20,531)
Realised gain on sale of financial assets available for sale		**56,688**	6,911
Gain on sale of investment properties	6	**10,629**	139,305
Gain on sale of investment in an associate		**-**	3,422
Dividend income		**95,810**	159,754
Net investment income		**168,013**	330,629
Administrative expenses		**(117,590)**	(101,406)
Net operating income		**50,423**	229,223
Other income		**17**	19,349
Foreign exchange gain (loss)		**8,028**	(2,709)
Finance costs		**(1,401)**	(3,126)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		**57,067**	242,737
Contribution to KFAS		**(514)**	(2,427)
NLST		**(1,427)**	(7,411)
Zakat		**(571)**	(2,513)
PROFIT FOR THE PERIOD		**54,555**	230,386
BASIC AND DILUTED EARNINGS PER SHARE	3	**0.26 Fils**	1.12 Fils

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2015

	Three months ended 31 March	
	2015	*2014*
	KD	*KD*
Profit for the period	**54,555**	230,386
Other comprehensive loss:		
Items that could be reclassified to interim condensed consolidated statement of income in future periods:		
Financial assets available for sale:		
- Change in fair values	**(1,046,343)**	(420,280)
- Reclassified to interim condensed consolidated statement of income on sale	**(56,688)**	(6,911)
Total other comprehensive loss	**(1,103,031)**	(427,191)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,048,476)**	(196,805)

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2015

	Notes	***31 March 2015 KD***	*(Audited) 31 December 2014 KD*	*31 March 2014 KD*
ASSETS				
Cash and bank balances	4	**1,745,076**	1,769,338	2,289,761
Financial assets at fair value through profit or loss		**287,213**	300,994	305,109
Accounts receivable and other assets		**74,922**	25,893	133,143
Financial assets available for sale	5	**32,092,407**	33,244,913	31,709,928
Investment properties	6	**2,671,229**	3,022,163	2,683,124
Furniture and equipment		**5,751**	6,262	7,636
TOTAL ASSETS		**36,876,598**	38,369,563	37,128,701
EQUITY AND LIABILITIES				
Equity				
Share capital	7	**21,262,500**	21,262,500	21,262,500
Share premium		**2,813,184**	2,813,184	2,813,184
Statutory reserve		**263,441**	263,441	160,596
Cumulative changes in fair values reserve		**10,838,744**	11,941,775	11,186,307
Treasury shares	8	**(1,357,272)**	(1,357,272)	(1,357,272)
Treasury shares reserve		**318,561**	318,561	318,561
Retained earnings		**1,209,972**	1,155,417	1,569,919
Total equity		**35,349,130**	36,397,606	35,953,795
Liabilities				
Bank overdraft	4	**20,232**	-	-
Accounts payable and other liabilities		**1,507,236**	1,971,957	1,174,906
Total liabilities		**1,527,468**	1,971,957	1,174,906
TOTAL EQUITY AND LIABILITIES		**36,876,598**	38,369,563	37,128,701

Abdul Wahab Mohamed Al-Wazzan
Chairman

Ali Ahmed Al-Bagli
Vice Chairman and Chief Executive Officer

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 31 March 2015

	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Cumulative changes in fair values reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Retained earnings KD*	*Total KD*
As at 1 January 2015 (audited)	21,262,500	2,813,184	263,441	11,941,775	(1,357,272)	318,561	1,155,417	36,397,606
Profit for the period	-	-	-	-	-	-	54,555	54,555
Other comprehensive loss for the period	-	-	-	(1,103,031)	-	-	-	(1,103,031)
Total comprehensive (loss) income for the period	-	-	-	(1,103,031)	-	-	54,555	(1,048,476)
As at 31 March 2015	**21,262,500**	**2,813,184**	**263,441**	**10,838,744**	**(1,357,272)**	**318,561**	**1,209,972**	**35,349,130**
As at 1 January 2014 (audited)	21,262,500	2,813,184	160,596	11,613,498	(1,357,272)	318,561	1,339,533	36,150,600
Profit for the period	-	-	-	-	-	-	230,386	230,386
Other comprehensive loss for the period	-	-	-	(427,191)	-	-	-	(427,191)
Total comprehensive (loss) income for the period	-	-	-	(427,191)	-	-	230,386	(196,805)
As at 31 March 2014	21,262,500	2,813,184	160,596	11,186,307	(1,357,272)	318,561	1,569,919	35,953,795

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2015

	Notes	*Three months ended 31 March* 2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the period		**54,555**	230,386
Non-cash adjustments to reconcile profit for the period to net cash flows:			
Realised gain on sale of financial assets at fair value through profit or loss		**(28,925)**	(41,768)
Unrealised loss on financial assets at fair value through profit or loss		**24,039**	20,531
Realised gain on sale of financial assets available for sale		**(56,688)**	(6,911)
Gain on sale of investment properties	6	**(10,629)**	(139,305)
Gain on sale of investment in an associate		**-**	(3,422)
Dividend income		**(95,810)**	(159,754)
Depreciation		**511**	519
Provision for employees' end of service benefits		**16,684**	8,537
Finance costs		**1,401**	3,126
		(94,862)	(88,061)
Changes in working capital:			
Financial assets at fair value through profit or loss		**18,667**	7,247
Accounts receivable and other assets		**(49,029)**	828,778
Accounts payable and other liabilities		**(481,405)**	(169,270)
Net cash flows (used in) from operating activities		**(606,629)**	578,694
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(56,121)**	(484,280)
Proceeds from sale of financial assets available for sale		**162,284**	182,725
Proceeds to from sale of investment properties		**361,563**	442,825
Proceeds from sale of investment in an associate		**-**	116,625
Purchase of furniture and equipment		**-**	(7,200)
Dividend income received		**95,810**	159,754
Net cash flows from investing activities		**563,536**	410,449
FINANCING ACTIVITY			
Finance costs paid		**(1,401)**	(3,126)
Net cash flows used in financing activity		**(1,401)**	(3,126)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(44,494)**	986,017
Cash and cash equivalents at the beginning of the period		**1,769,338**	1,303,744
CASH AND CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**1,724,844**	2,289,761

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of National International Holding Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the three months period ended 31 March 2015 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 13 May 2015. The General Assembly of the Parent Company's shareholders has the power to amend this interim condensed consolidated financial information after its issuance.

The Annual Ordinary General Assembly meeting of the Parent Company's shareholders for the year ended 31 December 2014 has not yet been held up to the date of issuance of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2014 have not yet been approved.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in Kuwait on 14 January 1979 whose shares are listed on the Kuwait Stock Exchange and is engaged in investing activities in both local and international markets as set forth in Article No. 5 of the Parent Company's Articles of Association. The Parent Company is regulated by the Capital Market Authority ("CMA").

The registered office of the Parent Company is located at Chamber of Commerce and Industry Building, 4th Floor, Al Shuhada Street, P.O. Box 25825 Safat Kuwait.

The Parent Company is a subsidiary of Gimbal Holding Company SPC (the "Ultimate Parent Company").

2.1 BASIS OF PREPARATION

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

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the following new and amended standards recently issued by the International Accounting Standards Board ("IASB") effective for annual periods beginning on or after 1 January 2015:

Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and had no impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Annual improvements 2010-2012 Cycle (continued)
IFRS 8 Operating Segments
The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial information and had no impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies, for the scope exceptions within IFRS 3, that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Other new or amended standards which are effective for annual periods beginning on or after 1 January 2015 are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial information are listed below. The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact from the adoption of the amendments on its financial position or performance.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests (Amendments)
These amendments are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments are not expected to have any impact on the Group’s financial position or performance.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
These amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact on the Group since the Group had not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27 Equity Method in Separate Financial Statements
These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the Group’s consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and will not have any impact on the accounting policies, financial position or performance of the Group.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March, the Parent Company has no outstanding dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share for the three months period ended 31 March is as follows:

	Three months ended 31 March	
	2015	*2014*
Profit for the period (KD)	**57,067**	230,386
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	**206,174,650**	206,174,650
Basic and diluted earnings per share	**0.26 fils**	1.12 fils

4 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2015 KD	*(Audited) 31 December 2014 KD*	*31 March 2014 KD*
Cash on hand	**6,474**	6,696	6,392
Bank balances	**1,738,602**	1,762,642	1,033,369
Short term deposits	-	-	1,250,000
	1,745,076	1,769,338	2,289,761
Bank overdraft	**(20,232)**	-	-
Cash and cash equivalents	**1,724,844**	1,769,338	2,289,761

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2015 KD	*(Audited) 31 December 2014 KD*	*31 March 2014 KD*
Local quoted equity securities	**1,751,985**	1,874,581	1,723,469
Local and foreign unquoted equity securities	**28,900,867**	29,777,370	25,904,618
Foreign managed portfolios	**1,033,828**	1,159,887	3,654,832
Foreign managed funds	**405,727**	433,075	427,009
	32,092,407	33,244,913	31,709,928

5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

As at 31 March 2015, financial assets available for sale with a total carrying value of KD 1,357,897 (31 December 2014: KD 1,496,163 and 31 March 2014: KD 2,587,409) are managed by a related party (Note 9).

Fair value hierarchy disclosures for financial assets available for sale are provided in Note 10.

6 INVESTMENT PROPERTIES

	31 March 2015 KD	*(Audited) 31 December 2014 KD*	*31 March 2014 KD*
At the beginning of the period/year	**3,022,163**	3,073,850	3,073,850
Additions	**-**	1,555,720	-
Disposals	**(350,934)**	(1,875,409)	(390,726)
Change in fair value	**-**	268,002	-
At the end of the period/year	**2,671,229**	3,022,163	2,683,124

During the three months period ended 31 March 2015, the Group sold certain investment properties with a total carrying value of KD 350,934 (31 March 2014: KD 303,520) for a total consideration of KD 361,563 (31 March 2014: KD 442,825) resulted in a realised gain on sale of KD 10,629 (31 March 2014: KD 139,305) recognised by the Group in the interim condensed consolidated statement of income.

The fair value of investment properties has been determined on 31 December 2014 based on valuations obtained from two independent professional real estate valuers in UAE, who are an industry specialized in valuing such type of investment properties. Both valuers have valued the investment properties using the market approach.

Market approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property.

Management believes that there is no significant change in the fair value of investment properties since last valuation.

Fair value hierarchy disclosures for investment properties are provided in Note 10.

7 SHARE CAPITAL

	31 March 2015 KD	*(Audited) 31 December 2014 KD*	*31 March 2014 KD*
Authorized, issued and fully paid up share capital (212,625,000 shares of 100 fils each) fully paid in cash	**21,262,500**	21,262,500	21,262,500

8 TREASURY SHARES

	31 March 2015	*(Audited) 31 December 2014*	*31 March 2014*
Number of shares	**6,450,350**	6,450,350	6,450,350
Percentage of issued shares	**3%**	3%	3%
Market value (KD)	**387,021**	354,769	541,829

9 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

During the three months periods ended 31 March 2015 and 31 March 2014, there were no transactions with related parties included in the interim condensed consolidated statement of income.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	31 March 2015	*(Audited) 31 December 2014*	*31 March 2014*
Financial assets available for sale, managed by a related party (Note 5)	**1,357,897**	1,496,163	2,587,409

	Three months ended 31 March	
	2015 KD	*2014 KD*
Compensation of key management personnel		
Salaries and other short-term benefits	**19,000**	18,000
Employees' end of service benefits	**1,515**	1,299
	20,515	19,299

10 FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities that are not carried at fair value are not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment amounting to KD 9,642,824 as at 31 March 2015 (31 December 2014: KD 9,705,329 and 31 March 2014: KD 15,467,293).

10 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows an analysis of the Group's assets recorded at fair value by level of the fair value hierarchy:

	Level 1 *KD*	*Level 2* *KD*	*Level 3* *KD*	*Total* *KD*
As at 31 March 2015				
Financial assets at fair value through profit or loss	**287,213**	**-**	**-**	**287,213**
Financial assets available for sale:				
Local quoted equity securities	**1,751,985**	**-**	**-**	**1,751,985**
Local and foreign unquoted equity securities	**-**	**-**	**19,258,043**	**19,258,043**
Foreign managed portfolios	**-**	**-**	**1,033,828**	**1,033,828**
Foreign managed funds	**-**	**-**	**405,727**	**405,727**
	1,751,985	**-**	**20,697,598**	**22,449,583**
Investment properties	**-**	**2,671,229**	**-**	**2,671,229**
As at 31 December 2014				
Financial assets at fair value through profit or loss	300,994	-	-	300,994
Financial assets available for sale:				
Local quoted equity securities	1,874,581	-	-	1,874,581
Local and foreign unquoted equity securities	-	-	20,072,041	20,072,041
Foreign managed portfolios	-	-	1,159,887	1,159,887
Foreign managed funds	-	-	433,075	433,075
	1,874,581	-	21,665,003	23,539,584
Investment properties	-	3,022,163	-	3,022,163

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Level 1 KD	*Level 2 KD*	*Level 3 KD*	*Total KD*
As at 31 March 2014				
Financial assets at fair value through profit or loss	305,109	-	-	305,109
Financial assets available for sale:				
Local quoted equity securities	1,723,469	-	-	1,723,469
Local and foreign unquoted equity securities	-	-	10,437,325	10,437,325
Foreign managed portfolios	-	-	3,654,832	3,654,832
Foreign managed funds	-	-	427,009	427,009
	1,723,469	-	14,519,166	16,242,635
Investment properties	-	2,683,124	-	2,683,124

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

	At the beginning of the period/year KD	*Net (losses) gains recorded in the interim condensed consolidated statement of comprehensive income KD*	*Net purchases, transfers, sales and settlements KD*	*At the end of the period/year KD*
31 March 2015				
Financial assets available for sale:				
Local and foreign unquoted equity securities	**20,072,041**	**(813,998)**	**-**	**19,258,043**
Foreign managed portfolios	**1,159,887**	**(20,057)**	**(106,002)**	**1,033,828**
Foreign managed funds	**433,075**	**(18,470)**	**(8,878)**	**405,727**
	21,665,003	**(852,525)**	**(114,880)**	**20,697,598**
31 December 2014				
Financial assets available for sale:				
Local and foreign unquoted equity securities	11,097,030	1,155,684	7,819,327	20,072,041
Foreign managed portfolios	1,315,184	(155,297)	-	1,159,887
Foreign managed funds	414,780	18,295	-	433,075
	12,826,994	1,018,682	7,819,327	21,665,003
As at 31 March 2014				
Financial assets available for sale:				
Local and foreign unquoted equity securities	10,747,519	(310,194)	-	10,437,325
Foreign managed portfolios	3,834,730	(179,898)	-	3,654,832
Foreign managed funds	414,780	14,810	(2,581)	427,009
	14,997,029	(475,282)	(2,581)	14,519,166

11 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

	Equities and other investing activities KD	*Real estate investing activities KD*	*Unallocated KD*	*Total KD*
Period ended 31 March 2015				
Segment revenue	**181,423**	**10,629**	**8,045**	**200,097**
Unrealized loss on financial assets at fair value through profit or loss	**(24,039)**	-	-	**(24,039)**
Finance costs	-	**(1,401)**	-	**(1,401)**
Segment expenses	-	-	**(120,102)**	**(120,102)**
Segment results	**157,384**	**9,228**	**(112,057)**	**54,555**
As at 31 March 2015				
Segment assets	**32,379,620**	**2,671,229**	**1,825,749**	**36,876,598**
Segment liabilities	-	**738,436**	**789,032**	**1,527,468**
Period ended 31 March 2014				
Segment revenue	211,855	139,305	16,640	367,800
Unrealized loss on financial assets at fair value through profit or loss	(20,531)	-	-	(20,531)
Finance costs	-	(3,126)	-	(3,126)
Segment expenses	-	-	(113,757)	(113,757)
Segment results	191,324	136,179	(97,117)	230,386
As at 31 March 2014				
Segment assets	32,015,037	2,683,124	2,430,540	37,128,701
Segment liabilities	-	331,573	843,333	1,174,906