

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
31 MARCH 2015



MAZAYA

AIM TO LEAD



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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 2015 and the related interim condensed consolidated statement of income, the 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.

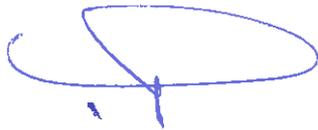
Conclusion

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 and its executive regulation, or of the Parent Company's Memorandum of Incorporation and Articles of Association 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-HUMAI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAI
& PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

15 April 2015
Kuwait

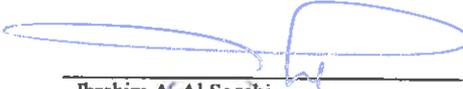
Al Mazaya Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015 (UNAUDITED)

| | Notes | 31 March 2015 KD | (Audited) 31 December 2014 KD | 31 March 2014 KD |
|---|-------|------------------------|--|------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Goodwill | | 2,266,732 | 2,266,732 | 2,266,732 |
| Property and equipment | | 604,045 | 618,180 | 428,076 |
| Investment properties | 4 | 93,659,552 | 92,312,256 | 86,630,861 |
| Investment in joint ventures and associate | | 12,954,762 | 12,884,446 | 13,883,636 |
| Financial assets available for sale | | 11,859,729 | 12,072,697 | 12,005,978 |
| Advances for purchase of properties | 5 | 17,325,079 | 16,817,022 | - |
| | | <u>138,669,899</u> | <u>136,971,333</u> | <u>115,215,283</u> |
| Current assets | | | | |
| Properties held for trading | 4 | 96,447,115 | 98,751,223 | 85,895,835 |
| Accounts receivable and other debit balances | | 8,204,779 | 9,848,399 | 5,370,332 |
| Cash and cash equivalents | 6 | 17,865,708 | 16,317,680 | 19,756,762 |
| | | <u>122,517,602</u> | <u>124,917,302</u> | <u>111,022,929</u> |
| Total assets | | <u>261,187,501</u> | <u>261,888,635</u> | <u>226,238,212</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 68,827,896 | 68,827,896 | 64,931,977 |
| 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 | | 1,135,052 | 1,340,732 | 1,245,354 |
| Treasury shares | 7 | (21,788,181) | (21,788,181) | (21,788,181) |
| Other reserves | | 845,160 | 845,160 | 802,985 |
| Foreign currency translation reserve | | 3,129,002 | 2,096,107 | (142,483) |
| Retained earnings | | 5,962,350 | 8,294,866 | 7,268,982 |
| Equity attributable to equity holders of the Parent Company | | 99,104,994 | 100,610,295 | 91,618,903 |
| Non-controlling interests | | 7,155,359 | 7,145,155 | 6,446,577 |
| Total equity | | <u>106,260,353</u> | <u>107,755,450</u> | <u>98,065,480</u> |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Employees' end of service benefits | | 619,956 | 586,008 | 461,134 |
| Term loans | | 8,000,000 | 8,000,000 | 20,076,652 |
| Tawarruq payable | | 47,449,342 | 48,254,413 | 21,500,000 |
| | | <u>56,069,298</u> | <u>56,840,421</u> | <u>42,037,786</u> |
| Current liabilities | | | | |
| Term loans | | 4,500,000 | 4,500,000 | 1,625,000 |
| Tawarruq payable | | 4,694,149 | 4,004,101 | 2,524,595 |
| Advances from customers | | 75,457,992 | 79,656,977 | 71,161,169 |
| Accounts payable and other credit balances | | 14,205,709 | 9,131,686 | 7,877,602 |
| Bank overdrafts | 6 | - | - | 2,946,580 |
| | | <u>98,857,850</u> | <u>97,292,764</u> | <u>86,134,946</u> |
| Total liabilities | | <u>154,927,148</u> | <u>154,133,185</u> | <u>128,172,732</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>261,187,501</u> | <u>261,888,635</u> | <u>226,238,212</u> |


Rashad Y. Al Nafisi
Chairman


Ibrahim A. Al Soqabi
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 2015 (UNAUDITED)

| | Note | Three months ended 31 March | |
|--|------|--------------------------------|--------------------|
| | | 2015 KD | 2014 KD |
| Revenue from sale of properties held for trading | | 8,073,487 | 1,962,757 |
| Rental income | | 1,465,768 | 1,173,788 |
| Net management fees and commission income | | 46,038 | 354,328 |
| REVENUE | | 9,585,293 | 3,490,873 |
| Cost of sale of properties held for trading | | (5,812,605) | (1,383,321) |
| Cost of rental | | (326,339) | (294,282) |
| COST OF REVENUE | | (6,138,944) | (1,677,603) |
| GROSS PROFIT | | 3,446,349 | 1,813,270 |
| Gain on disposal of investment properties | | - | 109,734 |
| Share of results of joint venture and associates | | 70,316 | 906,679 |
| Gain on disposal of an associate | | - | 1,110 |
| General and administrative expenses | | (903,141) | (937,031) |
| OPERATING INCOME | | 2,613,524 | 1,893,762 |
| Net investment (loss) income | | (8,398) | 58,417 |
| Other (loss) income | | (117,699) | 243,480 |
| Interest income | | 8,152 | 15,266 |
| Finance costs | | (720,347) | (622,896) |
| Foreign exchange gain (loss) | | 16,548 | (3,014) |
| Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat | | 1,791,780 | 1,585,015 |
| KFAS | | | |
| NLST | | (15,912) | (13,698) |
| Zakat | | (36,014) | (33,514) |
| | | (7,464) | (8,307) |
| | | 1,732,390 | 1,529,496 |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 1,714,898 | 1,471,096 |
| Non-controlling interests | | 17,492 | 58,400 |
| PROFIT FOR THE PERIOD | | 1,732,390 | 1,529,496 |
| BASIC AND DILUTED EARNING PER SHARE | | | |
| ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | 3 | 2.77 fils | 2.37 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 2015 (UNAUDITED)

| | <i>Three months ended</i> | |
|---|---------------------------|------------------|
| | <i>31 March</i> | |
| | <i>2015</i> | <i>2014</i> |
| | <i>KD</i> | <i>KD</i> |
| Profit for the period | 1,732,390 | 1,529,496 |
| Other comprehensive income (loss): | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i> | | |
| Net changes in fair value of financial assets available for sale | (212,968) | (221,253) |
| Transferred to income statement on sale of financial assets available for sale | - | 58,417 |
| Foreign currency translation adjustments | 1,032,895 | (779,029) |
| Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods | 819,927 | (941,865) |
| Total comprehensive income for the period | 2,552,317 | 587,631 |
| Attributable to: | | |
| Equity holders of the Parent Company | 2,542,113 | 529,248 |
| Non-controlling interests | 10,204 | 58,383 |
| | 2,552,317 | 587,631 |

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 2015 (UNAUDITED)

| | <i>Equity attributable to equity holders of the Parent Company</i> | | | | | | | | | | | |
|--|--|---------------------|-------------------------|-------------------------|--------------------------|-----------------------|----------------------|--|-------------------------|-----------------|---------------------------------|-------------|
| | 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 | - | - | - | - | - | - | - | - | 1,714,898 | 1,714,898 | 17,492 | 1,732,390 |
| Other comprehensive (loss) income for the period | - | - | - | - | (205,680) | - | - | 1,032,895 | - | 827,215 | (7,288) | 819,927 |
| Total comprehensive (loss) income for the period | - | - | - | - | (205,680) | - | - | 1,032,895 | 1,714,898 | 2,542,113 | 10,204 | 2,552,317 |
| Dividend paid (Note 12) | - | - | - | - | - | - | - | - | (4,047,414) | (4,047,414) | - | (4,047,414) |
| At 31 March 2015 | 68,827,896 | 21,655,393 | 11,136,621 | 8,201,701 | 1,135,052 | (21,788,181) | 845,160 | 3,129,002 | 5,962,350 | 99,104,994 | 7,155,359 | 106,260,353 |
| 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 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 |

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 CASH FLOWS

For the period ended 31 March 2015 (UNAUDITED)

| | <i>Three months ended</i> | |
|---|------------------------------|--------------------|
| | <i>31 March</i> | |
| | <i>2015</i> | <i>2014</i> |
| | <i>KD</i> | <i>KD</i> |
| OPERATING ACTIVITIES | | |
| Profit for the period before KFAS, Zakat and NLST | | |
| Adjustments to reconcile profit for the period to net-cash flows: | 1,791,780 | 1,585,015 |
| Depreciation | 43,406 | 20,124 |
| Gain on disposal of investment properties | - | (109,734) |
| Share of results from joint venture and associate | (70,316) | (906,679) |
| Gain on disposal of an associate | - | (1,110) |
| Net investment loss (income) | 8,398 | (58,417) |
| Other income | 117,699 | (243,480) |
| Interest income | (8,152) | (15,266) |
| Finance costs | 720,347 | 622,896 |
| Foreign exchange (gain) loss | (16,548) | 3,014 |
| Provision for employees' end of service benefits | 33,948 | 89,219 |
| | <u>2,620,562</u> | <u>985,582</u> |
| Working capital adjustments: | | |
| Properties held for trading | 3,869,878 | 446,054 |
| Accounts receivable and other debit balances | 1,534,071 | 192,715 |
| Accounts payable and other credit balances | 5,014,633 | (4,461,318) |
| Advances from customers | (4,198,985) | 2,498,371 |
| | <u>8,840,159</u> | <u>(338,596)</u> |
| Cash flows from (used in) operations | 8,840,159 | (338,596) |
| Employees' end of service benefits paid | - | (5,296) |
| | <u>8,840,159</u> | <u>(343,892)</u> |
| INVESTING ACTIVITIES | | |
| Increase in restricted cash balances | (396,123) | (1,501,648) |
| Purchase of property and equipment | (29,271) | (89,494) |
| Addition to investment properties | (624,281) | (205,122) |
| 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 |
| Proceeds from sale of financial assets available for sale | - | 645,711 |
| Advances for purchase of properties | (508,057) | - |
| Proceeds from partial disposal of a subsidiary | - | 310,511 |
| Interest income received | 8,152 | 15,266 |
| | <u>(1,549,580)</u> | <u>3,026,395</u> |
| Net cash flows (used in) from investing activities | (1,549,580) | 3,026,395 |
| FINANCING ACTIVITIES | | |
| Net movement in term loans | - | (375,000) |
| Dividend paid | (4,047,414) | - |
| Net movement in tawarruq payables | (115,023) | (296,053) |
| Finance costs paid | (720,347) | (622,896) |
| | <u>(4,882,784)</u> | <u>(1,293,949)</u> |
| Net cash flows used in financing activities | (4,882,784) | (1,293,949) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>2,407,795</u> | <u>1,388,554</u> |
| Foreign currency translation adjustments | (1,255,890) | (538,233) |
| Cash and cash equivalents at the beginning of the period | 6,170,984 | 8,311,357 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>6</u> <u>7,322,889</u> | <u>9,161,678</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 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 31 March 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 15 April 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 31 March 2015 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 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 31 March</i> | |
|---|--|-------------------------|
| | <i>2015</i> | <i>2014</i> |
| | <i>KD</i> | <i>KD</i> |
| Profit for the period attributable to equity holders of the Parent Company | <u>1,714,898</u> | <u>1,471,096</u> |
| | <i>Shares</i> | <i>Shares</i> |
| Weighted average number of ordinary shares | 688,278,956 | 688,278,956 |
| Less: weighted average number of treasury shares | (68,690,479) | (68,690,479) |
| Weighted average number of shares outstanding | <u>619,588,477</u> | <u>619,588,477</u> |
| Basic and diluted earning per share attributable to the equity holders of the Parent Company | <u>2.77 fils</u> | <u>2.37 fils</u> |

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
31 March 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 31 March 2015.

5 ADVANCES FOR PURCHASE OF PROPERTIES

Advances for purchase of properties include an amount of TRY 114,000,000 equivalent to KD 14,656,980 which represent amount paid to a joint venture of the Parent Company to purchase properties in Turkey.

6 CASH AND CASH EQUIVALENTS

| | <i>31 March</i> <i>2015</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i> | <i>31 March</i> <i>2014</i> <i>KD</i> |
|---------------------------|---|--|---|
| Cash in hand and at banks | 17,833,003 | 16,239,794 | 19,840,819 |
| Cash in portfolios | 32,705 | 77,886 | (84,057) |
| | <u>17,865,708</u> | <u>16,317,680</u> | <u>19,756,762</u> |
| Bank overdrafts | - | - | (2,946,580) |
| | <u>17,865,708</u> | <u>16,317,680</u> | <u>16,810,182</u> |
| Restricted bank balances | <u>(10,542,819)</u> | <u>(10,146,696)</u> | <u>(7,648,504)</u> |
| | <u>7,322,889</u> | <u>6,170,984</u> | <u>9,161,678</u> |

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.

7 TREASURY SHARES

| | <i>31 March</i> <i>2015</i> | <i>(Audited)</i> <i>31 December</i> <i>2014</i> | <i>31 March</i> <i>2014</i> |
|---------------------------------|--------------------------------|---|--------------------------------|
| Number of shares | 68,690,479 | 68,690,479 | 64,802,134 |
| Percentage of issued shares (%) | 9.98 | 9.98 | 9.98 |
| Market value (KD) | 7,693,334 | 8,380,238 | 8,294,673 |

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
31 March 2015 (UNAUDITED)

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>Total</i> <i>31 March</i> <i>2015</i> <i>KD</i> | <i>Total</i> <i>31 March</i> <i>2014</i> <i>KD</i> | |
|--|--|--|---|--|---|
| Interim condensed consolidated statement of income: | <i>Associates</i> | | | | |
| Net management fees and commission income | <i>KD</i> | | - | 86,576 | |
| | <i>Major</i> <i>shareholders</i> <i>KD</i> | <i>Joint venture</i> <i>and associates</i> <i>KD</i> | <i>Total</i> <i>31 March</i> <i>2015</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i> | <i>31 March</i> <i>2014</i> <i>KD</i> |
| Interim condensed consolidated statement of financial position: | | | | | |
| Advances for purchase of properties | - | 14,656,980 | 14,656,980 | 14,656,980 | - |
| Amounts due from related parties * | 512,631 | 244,376 | 757,007 | 1,761,850 | 865,629 |
| Amounts due to related parties * | 1,575,937 | - | 1,575,937 | - | - |

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

Amounts due to related parties comprise an amount of KD 1,572,500 (2013: 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>31 March</i> <i>2015</i> <i>KD</i> | <i>31 March</i> <i>2014</i> <i>KD</i> |
|--|---|---|
| Salaries and other short term benefits | 215,541 | 128,479 |
| Terminal benefits | 46,120 | 9,089 |
| | <u>261,661</u> | <u>137,568</u> |

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2015 (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), 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.

| | Three month period 31 March 2015 | | | | | Three month period 31 March 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 | 779,677 | 8,656,978 | 110,170 | - | 38,468 | 9,585,293 | 550,066 | 2,747,341 | 106,890 | 86,576 | 3,490,873 |
| Segment (loss) profit | (77,368) | 1,680,458 | 90,833 | - | 38,467 | 1,732,390 | (793,408) | 1,637,354 | 87,579 | 597,971 | 1,529,496 |
| | <i>As at 31 March 2015</i> | | | | | | | | | | |
| | Kuwait KD | UAE KD | KSA KD | Turkey KD | Others KD | Total KD | Kuwait KD | UAE KD | KSA KD | Others KD | Total KD |
| Total segment assets | 62,660,067 | 156,521,200 | 5,196,577 | 18,359,746 | 18,449,911 | 261,187,501 | 69,056,679 | 139,945,527 | 5,142,572 | 12,093,434 | 226,238,212 |
| Total segment liabilities | 55,055,831 | 99,859,704 | - | - | 11,613 | 154,927,148 | 52,564,413 | 75,600,592 | - | 7,727 | 128,172,732 |
| | <i>As at 31 December 2014 (Audited)</i> | | | | | | | | | | |
| | Kuwait KD | UAE KD | KSA KD | Turkey KD | Others KD | Total KD | Kuwait KD | UAE KD | KSA KD | Others KD | Total KD |
| 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 | | | |

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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 14,296,249 (31 December 2014: KD 17,418,130 and 31 March 2014: KD 20,515,395).

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 2015 | | | |
| Financial assets available for sale | 2,677,603 | 7,250,692 | 9,928,295 |
| 31 December 2014 | | | |
| Financial assets available for sale | 2,727,631 | 7,413,632 | 10,141,263 |
| 31 March 2014 | | | |
| Financial assets available for sale | 2,462,525 | 7,537,960 | 10,000,485 |

Certain unquoted investments with carrying value of KD 1,931,434 (31 December 2014: KD 1,931,434; 31 March 2014: KD 2,005,493) are carried at cost less impairment.

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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 2015 KD</i> | <i>Gain recorded in the interim condensed consolidated statement of income KD</i> | <i>Loss recorded in other comprehensive income KD</i> | <i>Net purchases, sales and settlements KD</i> | <i>At 31 March 2015 KD</i> |
|---|---|---|---|--|--|
| <i>Financial assets available for sale:</i> | | | | | |
| Funds and managed portfolio | 7,413,632 | - | (162,940) | - | 7,250,692 |

| | <i>At 1 January 2014 KD</i> | <i>Loss 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> | | | | | |
| Funds and managed portfolio | 7,478,115 | - | 59,845 | - | 7,537,960 |

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

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.