

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

31 March 2017



MAZAYA

AIM TO LEAD

**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 2017 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, the 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 Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts 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. 1 of 2016 and its executive regulation, or of the Parent Company's Memorandum of Incorporation and Articles of Association of the Parent Company during the three months period ended 31 March 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

3 May 2017
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017 (UNAUDITED)

	Notes	31 March 2017 KD	(Audited) 31 December 2016 KD	31 March 2016 KD
ASSETS				
Non-current assets				
Goodwill		2,263,598	2,266,732	2,266,732
Property and equipment		558,788	595,221	651,479
Investment properties		126,713,331	129,286,975	115,193,699
Investment in a joint venture and associate		9,681,790	9,352,843	11,662,658
Financial assets available-for-sale		8,754,221	9,126,960	10,931,668
Advances for purchase of properties		8,785,205	7,495,086	4,741,273
		<u>156,756,933</u>	<u>158,123,817</u>	<u>145,447,509</u>
Current assets				
Properties held for trading		65,625,685	69,036,258	61,513,599
Accounts receivable and other debit balances		14,501,424	17,438,418	18,396,346
Cash and bank balances	4	17,775,509	10,185,452	16,712,790
		<u>97,902,618</u>	<u>96,660,128</u>	<u>96,622,735</u>
TOTAL ASSETS		<u>254,659,551</u>	<u>254,783,945</u>	<u>242,070,244</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		13,195,537	13,195,539	12,123,874
Voluntary reserve		10,260,617	10,260,619	9,188,954
Fair value reserve		361,374	549,283	275,669
Treasury shares	5	(20,707,103)	(21,310,897)	(21,310,897)
Employees' share option plan		210,164	360,360	154,443
Other reserves		845,160	845,160	893,389
Foreign currency translation reserve		(954,344)	364,977	3,015,592
Retained earnings		11,936,314	15,388,358	8,753,165
Equity attributable to equity holders of the Parent Company		<u>105,631,008</u>	<u>110,136,688</u>	<u>103,577,478</u>
Non-controlling interests		9,422,756	9,471,589	7,880,638
Total equity		<u>115,053,764</u>	<u>119,608,277</u>	<u>111,458,116</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		875,652	873,797	772,234
Tawarruq and ijara payable		72,273,823	66,522,971	71,852,812
Term loans		7,468,440	7,471,129	-
		<u>80,617,915</u>	<u>74,867,897</u>	<u>72,625,046</u>
Current liabilities				
Tawarruq and ijara payable		10,492,286	10,319,641	8,992,839
Term loans		3,088,690	2,322,458	-
Advances from customers		19,962,117	27,789,257	30,954,215
Accounts payable and other credit balances		25,444,779	19,876,415	18,040,028
		<u>58,987,872</u>	<u>60,307,771</u>	<u>57,987,082</u>
Total liabilities		<u>139,605,787</u>	<u>135,175,668</u>	<u>130,612,128</u>
TOTAL LIABILITIES AND EQUITY		<u>254,659,551</u>	<u>254,783,945</u>	<u>242,070,244</u>

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

The attached notes 1 to 10 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 2017 (UNAUDITED)

	Note	Three months ended 31 March	
		2017 KD	2016 KD
Revenue from sale of properties held for trading		13,180,342	14,173,583
Rental income		1,872,761	1,755,021
Net management fees and commission income		48,343	65,018
REVENUE		15,101,446	15,993,622
Cost of sale of properties held for trading		(10,947,012)	(12,481,415)
Cost of rental		(360,424)	(336,552)
COST OF REVENUE		(11,307,436)	(12,817,967)
GROSS PROFIT		3,794,010	3,175,655
Gain on sale of a subsidiary		-	1,184,979
Share of results (loss) from joint venture and associate		290,255	(82,968)
General and administrative expenses		(1,312,091)	(1,061,765)
OPERATING INCOME		2,772,174	3,215,901
Net investment income (loss)		258,384	(5,130)
Other expenses		(62,795)	(224,796)
Finance costs		(910,405)	(890,708)
Foreign exchange gain		22,398	423,673
Profit for the period before contribution for Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		2,079,756	2,518,940
KFAS		(10,287)	(11,571)
NLST		(38,803)	(37,843)
Zakat		(8,926)	(9,426)
PROFIT FOR THE PERIOD		2,021,740	2,460,100
Attributable to:			
Equity holders of the Parent Company		1,909,351	1,860,088
Non-controlling interests		112,389	600,012
		2,021,740	2,460,100
EARNING PER SHARE:			
BASIC - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	3.07 fils	3.00 fils
DILUTED - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	3.04 fils	2.97 fils

The attached notes 1 to 10 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 2017 (UNAUDITED)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,021,740	2,460,100
Other comprehensive (loss) income:		
<i>Item that are (or) may be subsequently reclassified to interim condensed consolidated statement of income in future periods:</i>		
Net changes in fair value of financial assets available-for-sale	(349,131)	(168,807)
Foreign currency translation adjustments	(1,319,321)	2,378,760
Net other comprehensive (loss) income to be reclassified to interim condensed consolidated statement of income in subsequent periods	(1,668,452)	2,209,953
Total comprehensive income for the period	353,288	4,670,053
Attributable to:		
Equity holders of the Parent Company	402,121	4,097,183
Non-controlling interests	(48,833)	572,870
	353,288	4,670,053

The attached notes 1 to 10 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 2017 (UNAUDITED)

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	Employees' share option plan KD	Other reserves KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
At 1 January 2017	68,827,896	21,655,393	13,195,537	10,260,617	549,283	(21,310,897)	360,360	845,160	364,977	15,388,362	110,136,688	9,471,589	119,608,277
Profit for the period	-	-	-	-	-	-	-	-	-	1,909,351	1,909,351	112,389	2,021,740
Other comprehensive loss for the period	-	-	-	-	(187,909)	-	-	-	(1,319,321)	-	(1,507,230)	(161,222)	(1,668,452)
Total comprehensive (loss) income for the period	-	-	-	-	(187,909)	-	-	-	(1,319,321)	1,909,351	402,121	(48,833)	353,288
Dividend (Note 10)	-	-	-	-	-	-	-	-	-	(4,983,974)	(4,983,974)	-	(4,983,974)
Employees' share based payment (Note 6)	-	-	-	-	-	603,794	76,173	-	-	-	76,173	-	76,173
Employee share options exercised	-	-	-	-	-	(226,369)	(226,369)	-	-	(377,425)	-	-	(377,425)
At 31 March 2017	68,827,896	21,655,393	13,195,537	10,260,617	361,374	(20,707,103)	210,164	845,160	(954,344)	11,936,314	105,631,008	9,422,756	115,053,764
At 1 January 2016	68,827,896	21,655,393	12,123,874	9,188,954	465,563	(21,788,181)	268,693	845,160	636,832	11,922,391	104,146,575	7,307,768	111,454,343
Profit for the period	-	-	-	-	-	-	-	-	-	1,860,088	1,860,088	600,012	2,460,100
Other comprehensive (loss) income for the period	-	-	-	-	(189,894)	-	-	48,229	2,378,760	-	2,237,095	(27,142)	2,209,953
Total comprehensive (loss) income for the period	-	-	-	-	(189,894)	-	-	48,229	2,378,760	1,860,088	4,097,183	572,870	4,670,053
Dividend	-	-	-	-	-	-	-	-	-	(4,733,045)	(4,733,045)	-	(4,733,045)
Employees' share based payment	-	-	-	-	-	477,284	66,765	-	-	(296,269)	66,765	-	66,765
Employee share options exercised	-	-	-	-	-	-	(181,015)	-	-	-	-	-	-
At 31 March 2016	68,827,896	21,655,393	12,123,874	9,188,954	275,669	(21,310,897)	154,443	893,389	3,015,592	8,753,165	103,577,478	7,880,638	111,458,116

The attached notes 1 to 10 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 2017 (UNAUDITED)

	Note	Three months ended 31 March	
		2017 KD	2016 KD
OPERATING ACTIVITIES			
Profit for the period before contribution for Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		2,079,756	2,518,940
Adjustments to reconcile profit to net cash flows:			
Depreciation		36,433	45,811
Gain on sale of a subsidiary		-	(1,184,979)
Share of (results) loss from joint venture and associate		(290,255)	82,968
Net investment (income) loss		(258,384)	5,130
Other expenses		62,795	188,289
Finance costs		910,405	890,708
Foreign exchange gain		(22,398)	(423,673)
Provision for employees' end of service benefits		120,903	38,595
Provision for employees' stock option plan		76,173	66,765
		<u>2,715,428</u>	<u>2,228,554</u>
Working capital adjustments:			
Properties held for trading		5,462,778	9,674,628
Accounts receivable and other debit balances		2,874,199	(384,671)
Accounts payable and other credit balances		545,224	(2,220,778)
Advances from customers		(7,827,140)	(11,632,237)
		<u>3,770,489</u>	<u>(2,334,504)</u>
Cash flows from (used in) operations			
Employees' end of service benefits paid		(119,048)	(571)
		<u>3,651,441</u>	<u>(2,335,075)</u>
INVESTING ACTIVITIES			
Decrease in restricted cash balances		212,312	1,367,330
Purchase of property and equipment		-	(31,897)
Addition to investment properties		(1,120,713)	(469,263)
Proceeds from sale of financial assets available-for-sale		446,762	-
Advances for purchase of properties		(1,290,119)	(509,182)
Proceeds from sale of a subsidiary		-	8,182,147
Interest income received		-	5,367
		<u>(1,751,758)</u>	<u>8,544,502</u>
FINANCING ACTIVITIES			
Net movement in term loans		763,543	-
Dividend paid		-	(12,772)
Net movement in tawarruq and ijara payable		5,923,497	479,205
Finance costs paid		(910,405)	(890,708)
		<u>5,776,635</u>	<u>(424,275)</u>
NET INCREASE IN CASH AND BANK BALANCES		7,674,053	5,785,152
Foreign currency translation adjustments		126,051	321,770
Cash and bank balances at the beginning of the period	4	6,023,890	1,930,983
CASH AND BANK BALANCES AT THE END OF THE PERIOD	4	13,823,994	8,037,905

The attached notes 1 to 10 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 2017 (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 Parent Company is listed on Kuwait Stock Exchange and Dubai Financial Market.

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 2017 was authorized for issue in accordance with a resolution of the Board of Directors on 3 May 2017.

2 BASIS OF PREPARATION 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 2016. 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 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2016.

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 2016 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 January 2017 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:

Basic 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.

	<i>Three months ended 31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	1,909,351	1,860,088
	<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	(65,937,890)	(67,536,222)
Weighted average number of shares outstanding adjusted for treasury shares	622,341,066	620,742,734
Basic earnings per share attributable to the equity holders of the Parent Company	3.07 fils	3.00 fils

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2017 (UNAUDITED)

3 BASIC AND DILUTED EARNING PER SHARE (continued)

Diluted:

Diluted earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding plus the weighted average number of ordinary shares that would be issued on the conversion of all employees stock options. The Parent Company has outstanding share options, issued under the share based payment transaction, which have a dilutive effect on earnings.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	1,909,351	1,860,088
	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares outstanding	622,341,066	620,742,734
Add: effect of share options on issue	4,996,338	4,429,914
Weighted average number of shares outstanding adjusted for the effect of dilution	627,337,404	625,172,648
Diluted earnings per share attributable to the equity holders of the Parent Company	3.04 fils	2.97 fils

4 CASH AND BANK BALANCES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash in hand and at banks	17,759,056	9,796,605	11,704,983
Term deposits	-	-	5,000,000
Cash in portfolios	16,453	388,847	7,807
	17,775,509	10,185,452	16,712,790
Restricted bank balances	(3,951,515)	(4,161,562)	(8,674,885)
	13,823,994	6,023,890	8,037,905

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

5 TREASURY SHARES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2017</i>	<i>2016</i>	<i>2016</i>
Number of shares	65,282,223	67,185,771	67,185,771
Percentage of issued shares (%)	9.48	9.76	9.76
Market value (KD)	7,703,302	7,256,063	7,121,692

Reserves (share premium and a part of voluntary reserve) of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2017 (UNAUDITED)

6 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. subsidiaries, shareholders, 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:

	<i>Major shareholders KD</i>	<i>Total 31 March 2017 KD</i>	<i>(Audited) 31 December 2016 KD</i>	<i>31 March 2016 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>				
Accounts receivable and other debit balances	15,329	15,329	16,356	9,384,242
Accounts payable and other credit balances	703,778	703,778	761,101	736,928
<i>Interim condensed consolidated statement of income:</i>				
Gain on sale of a subsidiary	-	-	1,184,979	1,184,979

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

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

	<i>31 March 2017 KD</i>	<i>31 March 2016 KD</i>
Salaries and other short term benefits	219,399	681,722
Terminal benefits	12,942	10,767
	<u>232,341</u>	<u>692,489</u>

During the period ended 31 March 2017, the Parent Company has recognised an expense amounting to KD 76,173 (December 2016: KD 272,682 and 31 March 2016: KD 66,765) relating to equity-settled share-based payment transactions to its employees. During the period ended 31 March 2017, certain employees have exercised their stock options of 1,903,549 shares and these shares have been issued from treasury shares held by the Group.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2017 (UNAUDITED)

7 SEGMENT INFORMATION

For management purposes, the Group is divided into four 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 2017					Three month period 31 March 2016						
	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD
Segment revenue	766,199	11,620,523	293,980	2,315,301	105,443	15,101,446	793,117	14,862,185	263,182	-	75,138	15,993,622
Segment profit (loss)	(141,645)	1,419,294	216,477	449,782	77,832	2,021,740	333,076	937,856	219,773	959,764	9,631	2,460,100

*Segment results are computed after allocating common cost to the geographical segments based on asset base of the segment.

	As at 31 March 2017					As at 31 March 2016						
	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD
Total segment assets	82,909,310	112,458,787	16,003,091	32,607,547	10,680,816	254,659,551	78,434,581	125,787,274	16,454,988	10,932,487	10,460,914	242,070,244
Total segment liabilities	77,012,790	47,824,331	285,947	14,390,459	92,260	139,605,787	74,710,238	55,676,819	171,428	48,314	5,329	130,612,128

As at 31 December 2016 (Audited)

	Kuwait KD	UAE KD	KSA KD	Turkey KD	Others KD	Total KD
Total segment assets	78,810,934	113,559,934	16,325,350	35,245,806	10,841,921	254,783,945
Total segment liabilities	58,531,395	49,315,364	176,822	26,687,634	464,453	135,175,668

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 31 March 2017 (UNAUDITED)

8 CAPITAL COMMITMENTS

The Group has concluded construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction amounting to KD 11,929,254 (31 December 2016: KD 13,191,774 and 31 March 2016: KD 24,409,301).

The Group has commitments amounting to KD 3,899,860 (31 December 2016: KD 5,218,925 and 31 March 2016: KD 6,692,857) to purchase land from a third party.

9 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>
<i>31 March 2017</i>			
Financial assets available-for-sale	59,601	6,830,741	6,890,342
<i>31 December 2016</i>			
Financial assets available-for-sale	60,013	7,203,068	7,263,081
<i>31 March 2016</i>			
Financial assets available-for-sale	1,833,056	7,146,012	8,979,068

Certain unquoted investments with carrying value of KD 1,863,879 (31 December 2016: KD 1,863,879 and 31 March 2016: KD 1,952,600) 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>2017</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>Loss recorded in</i> <i>other</i> <i>comprehensive</i> <i>income</i> <i>KD</i>	<i>Net purchases,</i> <i>sales and</i> <i>settlements</i> <i>KD</i>	<i>At</i> <i>31 March</i> <i>2017</i> <i>KD</i>
<i>Financial assets available-</i> <i>for-sale:</i>					
Funds and managed portfolio	7,203,068	261,932	(187,497)	(446,762)	6,830,741

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
31 March 2017 (UNAUDITED)

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

	<i>At 1 January 2016 KD</i>	<i>Gain recorded in the interim condensed consolidated statement of income KD</i>	<i>Gain recorded in other comprehensive income KD</i>	<i>Net purchases, sales and settlements KD</i>	<i>At 31 March 2016 KD</i>
<i>Financial assets available- for-sale:</i>					
Funds and managed portfolio	7,146,012	-	-	-	7,146,012

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. 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.

Non-financial assets

Investment properties were classified under level 2 and level 3 fair value hierarchy as follows:

	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>31 March 2017</i>			
Investment properties	18,979,862	107,733,469	126,713,331
<i>31 December 2016</i>			
Investment properties	20,973,946	108,313,029	129,286,975
<i>31 March 2016</i>			
Investment properties	50,987,544	64,206,155	115,193,699

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

	<i>At 1 January 2017 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 2017 KD</i>
Investment properties	108,313,029	-	(579,560)	-	107,733,469
	<i>At 1 January 2016 KD</i>	<i>Gain recorded in the 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 December 2016 KD</i>
Investment properties	64,452,915	-	(282,149)	35,389	64,206,155

10 ANNUAL GENERAL ASSEMBLY

The annual general meeting of the shareholders held on 28 March 2017, has approved the consolidated financial statements of the Group for the year ended 31 December 2016, and has approved 8% cash dividend for the year ended 31 December 2016.