

**Kuwait Financial Centre K.P.S.C and Subsidiaries
Kuwait**

**Consolidated interim financial information and review report
30 June 2015 (Unaudited)**

C o n t e n t s	Pages
Review Report	1
Condensed Consolidated Statement of Profit or Loss	2
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Consolidated Interim Financial Information	7 - 15

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait

Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080

www.deloitte.com

**Kuwait Financial Centre- K.P.S.C
Kuwait**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Consolidated Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Kuwait Financial Centre K.P.S.C ("the Parent Company") and its subsidiaries (collectively called "the Group") as at 30 June 2015 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three and six month period then ended, and the changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 consolidated interim financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the consolidated interim financial information is in agreement with the accounting records and to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or Memorandum of Incorporation and Articles of Association of the Parent Company or of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Parent Company.



Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait
6 August 2015



Al-Qatami, Al-Aiban & Partners

Souq Al Kabeer Building - Block A, 9th Floor
Tel : +(965) 2244 3900-9
Fax : +(965) 2243 8451
P.O. Box 2986, Safat 13030
Kuwait
gt@kw.gt.com
www.gtkuwait.com



Abdullatif M. Al-Aiban (CPA)
Licence No. 94-A
Grant Thornton – Al-Qatami
Al-Aiban & Partners

Condensed Consolidated Statement of Profit or Loss– Six months ended 30 June 2015

		KD'000			
		Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
Notes		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
	Interest income	191	248	438	539
	Dividend income	252	248	486	503
	Management fees and commission	1,892	1,714	3,395	3,383
	Gain on sale of investments at fair value through profit or loss	343	305	562	572
	Change in fair value of investments at fair value through profit or loss	490	(788)	73	1,910
	Gain on redemption/sale of available for sale investments	1,514	383	2,848	781
	Share of results of associate and joint venture	11	11	52	36
	Gain on sale of investment properties	279	622	478	710
	Net rental income	45	77	85	156
	Foreign exchange gain/(loss)	122	(10)	605	51
	Other income	2	1	3	2
		5,141	2,811	9,025	8,643
Expenses and other charges					
	General and administrative expenses	(2,195)	(1,680)	(3,988)	(3,660)
	Impairment of available for sale investments	(4)	(67)	(43)	(358)
	(Charge of)/reversal of provisions	(21)	1	(198)	(42)
	Finance costs	(308)	(269)	(606)	(532)
		(2,528)	(2,015)	(4,835)	(4,592)
	Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat	2,613	796	4,190	4,051
	Provision for contribution to KFAS	(23)	(5)	(35)	(29)
	Provision for NLST	(64)	(13)	(104)	(79)
	Provision for Zakat	(25)	(6)	(41)	(32)
	Profit for the period	2,501	772	4,010	3,911
	Profit for the period attributable to:				
	Owners of the Parent Company	2,432	529	3,737	3,025
	Non-controlling interests	69	243	273	886
		2,501	772	4,010	3,911
	Basic and diluted earnings per share attributable to the owners of the Parent Company	5 Fils	1 Fil	8 Fils	6 Fils

The notes set out on pages 7 to 15 form an integral part of this consolidated interim financial information.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
Six months ended 30 June 2015

	KD'000			
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Profit for the period	2,501	772	4,010	3,911
Other comprehensive income:				
<i>Items that will be reclassified subsequently to statement of profit or loss:</i>				
<i>Available for sale investments:</i>				
- Net change in fair value arising during the period	852	1,193	2,580	1,438
- Transferred to condensed consolidated statement of profit or loss on sale	(1,514)	(383)	(2,848)	(781)
- Transferred to condensed consolidated statement of profit or loss on impairment	4	67	43	358
<i>Foreign currency translation:</i>				
- Exchange differences arising on translation of foreign operations	285	(1)	606	(31)
Share of other comprehensive loss of associate and joint venture	(23)	-	(10)	(1)
Total other comprehensive (loss)/income	<u>(396)</u>	<u>876</u>	<u>371</u>	<u>983</u>
Total comprehensive income for the period	<u>2,105</u>	<u>1,648</u>	<u>4,381</u>	<u>4,894</u>
Total comprehensive income attributable to:				
Owners of the Parent Company	2,160	1,410	4,094	4,036
Non-controlling interests	(55)	238	287	858
	<u>2,105</u>	<u>1,648</u>	<u>4,381</u>	<u>4,894</u>

The notes set out on pages 7 to 15 form an integral part of this consolidated interim financial information.

Condensed Consolidated Statement of Financial Position - Period ended 30 June 2015

		KD'000		
		30 June 2015	31 December 2014	30 June 2014
		(Unaudited)	(Audited)	(Unaudited)
Assets	Notes			
Cash and bank balances	6	9,255	7,848	4,264
Time deposits	6	730	75	3,062
Investments at fair value through profit or loss	7	44,783	38,195	44,263
Accounts receivable and other assets	8	5,320	5,767	10,080
Loans to customers	9	620	3,798	3,413
Available for sale investments		59,914	61,835	57,361
Investment in associate and joint venture		3,035	2,993	2,213
Investment properties	4	27,172	24,201	12,036
Property and equipment		343	326	393
Total assets		151,172	145,038	137,085
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities		6,169	8,428	5,304
Term loans	10	9,253	4,663	578
Bonds		22,000	22,000	22,000
Total liabilities		37,422	35,091	27,882
Equity				
Share capital		53,130	53,130	53,130
Share premium		7,902	7,902	7,902
Legal reserve		14,544	14,544	14,114
Voluntary reserve		14,490	14,490	14,060
Treasury shares	11	(16,342)	(16,342)	(16,342)
Treasury shares reserve	11	7,973	7,973	7,973
Other components of equity	12	10,060	9,703	9,327
Retained earnings		5,474	5,601	5,237
Equity attributable to the owners of the Parent Company		97,231	97,001	95,401
Non-controlling interests		16,519	12,946	13,802
Total equity		113,750	109,947	109,203
Total liabilities and equity		151,172	145,038	137,085


Diraar Yusuf Afghanim
Chairman


Manaf Abdul Aziz Alhajeri
Chief Executive Officer

The notes set out on pages 7 to 15 form an integral part of this consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity - Period ended 30 June 2015

KD 000's

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total equity		
	Share capital	Share premium	Legal reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Other components of equity (Note 12)			Retained earnings	Sub Total
Balance at 31 December 2014	53,130	7,902	14,544	14,490	(16,342)	7,973	9,703	5,601	97,001	12,946	109,947
Purchase of non-controlling interests in a subsidiary (Note: 1)	-	-	-	-	-	-	-	(1,167)	(1,167)	(2,031)	(3,198)
Net changes in non-controlling interests (Note: 1)	-	-	-	-	-	-	-	-	-	5,505	5,505
Effect of change in ownership percentage of subsidiaries (Note:1)	-	-	-	-	-	-	-	188	188	(188)	-
Cash dividend (Note:13)	-	-	-	-	-	-	-	(2,885)	(2,885)	-	(2,885)
Transactions with owners	-	-	-	-	-	-	-	(3,864)	(3,864)	3,286	(578)
Profit for the period	-	-	-	-	-	-	-	3,737	3,737	273	4,010
Other comprehensive income for the period	-	-	-	-	-	-	357	-	357	14	371
Total comprehensive income for the period	-	-	-	-	-	-	357	3,737	4,094	287	4,381
Balance at 30 June 2015	53,130	7,902	14,544	14,490	(16,342)	7,973	10,060	5,474	97,231	16,519	113,750
Balance at 31 December 2013	53,130	7,902	14,114	14,060	(16,342)	7,973	8,316	7,095	96,248	12,931	109,179
Net changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(62)	(62)
Effect of change in ownership percentage of subsidiaries	-	-	-	-	-	-	-	(75)	(75)	75	-
Cash dividend	-	-	-	-	-	-	-	(4,808)	(4,808)	-	(4,808)
Transactions with owners	-	-	-	-	-	-	-	(4,883)	(4,883)	13	(4,870)
Profit for the period	-	-	-	-	-	-	-	3,025	3,025	886	3,911
Other comprehensive income for the period	-	-	-	-	-	-	1,011	-	1,011	(28)	983
Total comprehensive income for the period	-	-	-	-	-	-	1,011	3,025	4,036	858	4,894
Balance at 30 June 2014	53,130	7,902	14,114	14,060	(16,342)	7,973	9,327	5,237	95,401	13,802	109,203

The notes set out on pages 7 to 15 form an integral part of these consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows- 30 June 2015

		KD'000	
		Six months ended 30 June	
Notes	2015 (Unaudited)	2014 (Unaudited)	
Operating Activities			
	Profit for the period		
	<i>Adjustments for:</i>		
	Interest income	4,010	3,911
	Dividend income	(438)	(539)
	Depreciation	(486)	(503)
	Gain on redemption/sale of available for sale investments	115	128
	Share of results of associate	(2,848)	(781)
	Gain on sale of investments properties	(52)	(36)
	Impairment of available for sale investments	(478)	(710)
	Charge of provisions	43	358
	Finance costs	198	42
		606	532
		670	2,402
<i>Changes in operating assets and liabilities:</i>			
	Investments at fair value through statement profit or loss	(6,588)	(1,314)
	Accounts receivable and other assets	438	(6,658)
	Loans to customers	3,207	4,884
	Accounts payable and other liabilities	(2,560)	(663)
	Net cash used in operating activities	(4,833)	(1,349)
Investing Activities			
	Term deposits (maturing) after three months/new deposits	(601)	57
	Purchase of property and equipment	(90)	(65)
	Proceeds from redemption/sale of available for sale investments	13,374	5,349
	Purchase of available for sale investments	(8,873)	(2,416)
	Purchase of investment properties	(4,336)	(446)
	Proceeds from sale of investment properties	1,801	2,574
	Purchase of non-controlling interests in a subsidiary	(3,198)	-
	Dividend income received	486	503
	Interest income received	447	571
	Net cash (used in) / from investing activities	(990)	6,127
Financing Activities			
	Dividends paid	(2,827)	(4,702)
	Proceeds from borrowings	4,590	578
	Finance costs paid	(590)	(528)
	Net change in non-controlling interests	5,505	(62)
	Net cash from/(used in) financing activities	6,678	(4,714)
	Foreign currency adjustments	606	(31)
	Increase in cash and cash equivalents	1,461	33
	Cash and cash equivalents at the beginning of the period	7,848	7,286
	Cash and cash equivalents at the end of the period	9,309	7,319

The notes set out on pages 7 to 15 form an integral part of this interim consolidated financial information.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

1. Incorporation and activities

Kuwait Financial Centre – K.P.S.C. (“the Parent Company”) was incorporated in 1974 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company is listed on the Kuwait Stock Exchange and is governed under the directives of the Central Bank of Kuwait and the Capital Market Authority of Kuwait.

The principal activities of the Parent Company and its subsidiaries (“the Group”) are investment management, corporate financing, investment and financial advisory services, private equity funds, mutual funds and real estate funds and real estate funds management, real estate investments, money market and foreign exchange deals.

Following are the subsidiaries which are consolidated in the Group financials.

Name	Country of incorporation	Voting capital Held			Purpose
		30 June 2015	31 Dec 2014	30 June 2014	
Mar-Gulf Management Inc.	USA	100%	100%	100%	Assets management
First Management and Economic Consultancy Company – KSCC	Kuwait	85%	85%	85%	Economic consultancy
MDI Holding Limited	Cayman Islands	66.66%	66.66%	66.66%	Property management
MDI Management Limited	Cayman Islands	66.66%	66.66%	66.66%	Property management
MDI Ventures Ltd	Cayman Islands	50%	50%	50%	Property management
Markaz Offshore Ltd.	Cayman Islands	100%	100%	100%	Investment
Marmore Mena Intelligence Private Limited	India	96.25%	96.25%	96.25%	Consultancy
Aradi Development Limited	Cayman Islands	96.89%	20%	20%	Real Estate
Markaz Real Estate Investment Company WLL	KSA	100%	100%	100%	Real Estate
Rimal Venture Company WLL	Bahrain	100%	100%	100%	Assets management
Markaz Fixed Income Fund	Kuwait	82.5%	82.5%	82.5%	Investment Fund
Markaz Arabian Fund	Bahrain	58.76%	57.89%	55.3%	Investment Fund
Arab Gulf Real Estate Development Company WLL	Kuwait	99.55%	99.55%	-	Real Estate
Bay View Real Estate Company WLL	Kuwait	99.55%	99.55%	-	Real Estate
Boardwalk International Real Estate Company WLL	Kuwait	99.55%	99.55%	-	Real Estate
Al Rihab Real Estate Development Company WLL	Kuwait	99.55%	99.55%	-	Real Estate
<i>Newly incorporated companies in 2015</i>					
Mawazeen International Fund	Kuwait	57.3%	-	-	Investment Fund

During the period, the Group acquired an additional 76.89% equity interest in Aradi Development Limited from non- controlling interest holders for a consideration of KD 3.2 million. The difference between the consideration paid and the carrying value of the shares acquired amounting to KD 1.17 million is recorded in equity.

The net change in non controlling interests is mainly on account of the following:

The Parent Company incorporated Mawazeen International Fund during the period ended 30 June 2015 and holds 57.3% of the issued units. The non-controlling interests in the fund is 42.70% amounting to KD 2.6 million. The Group assessed that it controls Mawazeen International Fund as other unit holders does not have the ability to remove the Parent Company as the manager of the fund and the Group has significant exposure to variable returns based on its investment in the units of the fund. Therefore the Parent Company concluded that it acts as the principal and not as an agent.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

The Group established two new subsidiaries under Markaz Real Estate Investment Company WLL and Arab Gulf Real Estate Development Company WLL, respectively. The contribution of non-controlling interests in these companies amounted to KD 3.4 million.

The Group's ownership in Markaz Arabian Fund increased by 0.87% due to changes in units held by non-controlling interest holders, resulting in a net gain of KD 188 thousand and recognised in equity as Parent Company continues to control the Funds.

The address of the Parent Company's registered office is PO Box 23444, Safat 13095, State of Kuwait.

This consolidated interim financial information for the six month period ended 30 June 2015 was authorized for issue by the Parent Company's board of directors on 6 August 2015.

2. Basis of preparation

This consolidated interim financial information of the Group for the six-month period ended 30 June 2015 has been prepared in accordance with IAS 34, Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39: Financial instruments: Recognition and Measurement ("IAS 39") requirement for collective provision, which has been replaced by the CBK's requirement for a minimum general provision as described below.

The impairment provision for loans and advances complies in all material respects with the specific provision requirements of the CBK and IFRS. In this respect, the CBK requires general provisions of 1% for cash facilities and 0.5% for non-cash facilities, for which no specific provision has been made.

This consolidated interim financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of the management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2014.

This consolidated interim financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the most recent annual financial statements of the group for the year ended 31 December 2014 except for the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2015 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2014.

3. Management fees and commission

Management fees and commission relate to income arising from Group's management of portfolios, funds, custody and similar trust and fiduciary activities.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

4. Investment properties

During the period, the Group acquired a real estate property outside Kuwait for a consideration of KD 4,336 thousand. Also the Group sold certain investment properties in GCC for aggregated sale consideration of KD 1,801 thousand and realized a gain of KD 478 thousand (30 June 2014: KD 710 thousands) which is recognized in the condensed consolidated statement of profit or loss.

5. Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share attributable to the owners of the Parent Company is calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares in issue excluding treasury shares.

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD'000)	2,432	529	3,737	3,025
Weighted average number of issued and fully paid up shares (excluding treasury shares)	480,802	480,802	480,802	480,802
Basic & diluted earnings per share (fils)	5 Fils	1 Fils	8 Fils	6 Fils

6. Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise of the following accounts:

	KD'000		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Cash and bank balances	9,255	7,848	4,264
Time deposits with bank and other financial institutions	730	75	3,062
	9,985	7,923	7,326
Less: Time deposits maturing after three months	(676)	(75)	(7)
Cash and cash equivalent for statement of cash flow	9,309	7,848	7,319

The Group's time deposits carry an effective interest rate of 3.50% (31 December 2014: 0.68% and 30 June 2014: 0.66%) per annum.

7. Investments at fair through profit or loss

	KD'000		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Trading :			
Local quoted shares	585	812	357
Foreign quoted shares	20,792	12,497	16,569
	21,377	13,309	16,926
Designated on initial recognition:			
Local managed funds	21,117	21,305	23,051
Foreign quoted securities	846	2,106	2,017
Fixed income securities	1,443	1,475	2,269
	23,406	24,886	27,337
	44,783	38,195	44,263

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

The investments in managed funds are carried at net asset value provided by the respective fund managers due to the nature of those investments. Management believes the net asset value provided by the fund managers represents the best estimate of fair value available for these investments.

The interest rates on fixed income securities range from 6.25% to 9.00% (31 December 2014: 4.75% to 10.75% and 30 June 2014 4.75% to 10.75%) per annum.

8. Accounts receivable and other assets

	KD'000		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Management fees and commission receivables	856	725	987
Interest receivable	163	172	204
Receivable from sale of investments	1,319	3,563	1,194
Advances paid	681	-	6,073
Prepayments	411	307	313
Other receivables	1,890	1,000	1,309
	5,320	5,767	10,080

9. Loans to customers

	KD'000		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Commercial loans	-	1,899	1,899
Personal loans	1,112	2,420	2,028
	1,112	4,319	3,927
Provision for credit losses	(492)	(521)	(514)
	620	3,798	3,413

Provision for credit losses is made in accordance with Central Bank of Kuwait requirements including general provision (see Note 2) on the balance of regular facilities for which no specific provisions are made.

10. Term loans

These represent unsecured loan facilities amounting to KD 26.42 million obtained from local commercial banks and carries interest rate ranging from 1.90% to 3% above Central Bank of Kuwait discount rate. As at 30 June 2015, an amount of KD 9.25 million (31 December 2014: KD 4.66 million and 30 June 2014: KD 0.578 million) was drawn against these facilities.

11. Treasury shares

	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Number of shares (000's)	50,498	50,498	50,498
Percentage of issued shares	9.5%	9.5%	9.5%
Cost (KD '000)	16,342	16,342	16,342
Market value (KD '000)	5,252	5,555	6,969

Treasury shares reserve is not available for distribution. Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

12. Other components of equity

	KD 000's		
	Fair value reserve	Foreign currency translation reserve	Total
Balance at 1 January 2015	9,386	317	9,703
Available for sale investments			
- Net change in fair value arising during the period	2,563	-	2,563
- Transferred to consolidated statement of profit or loss on sale	(2,856)	-	(2,856)
- Transferred to consolidated statement of profit or loss on impairment	43	-	43
Exchange differences on translation of foreign operations		617	617
Share of other comprehensive loss of associate and joint venture	-	(10)	(10)
Total other comprehensive (loss) / income	(250)	607	357
Balance at 30 June 2015	9,136	924	10,060

	KD 000's		
	Fair value reserve	Foreign currency translation reserve	Total
Balance at 1 January 2014	8,335	(19)	8,316
Available for sale investments :			
- Net change in fair value arising during the period	1,332	-	1,332
- Transferred to condensed consolidated statement of profit or loss on sale	(666)	-	(666)
- Transferred to condensed consolidated statement of profit or loss on impairment	358	-	358
Exchange differences on translation of foreign operations	-	(12)	(12)
Share of other comprehensive loss of associate	-	(1)	(1)
Total other comprehensive income/(loss)	1,024	(13)	1,011
Balance at 30 June 2014	9,359	(32)	9,327

13. General assembly

The Annual General Assembly of the shareholders held on 29 March 2015 approved the consolidated financial statements of the Group for the year ended 31 December 2014 and approved cash dividend of 6 Fils per share amounting to KD 2,885 thousand for the year ended 31 December 2014. Dividend was paid following that approval.

14. Related party transactions

Related parties represent associate, major 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 between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

	KD'000			
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<i>Transactions included in the condensed consolidated statement of profit or loss</i>				
Interest income	1	-	1	13
Management fees and commission	1,357	1,255	2,434	2,593

	KD'000			
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Key management compensation:				
Salaries and other short term benefits	267	193	505	364
End of service benefits	44	17	109	33
	311	210	614	397

	KD'000		
	30 June	31 December	30 June
	2015	2014	2014
	(Unaudited)	(Audited)	(Unaudited)
Balances included in the condensed consolidated statement of financial position:			
Loans to customers	47	56	61
Accounts receivable and other assets	540	471	620
	587	527	681

15. Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to the Group's statement of profit or loss. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its annual consolidated financial statements.

Segmental information for the period ended 30 June 2015 are as follows:

	Asset Management		Investment Banking		Total	
	(Unaudited)		(Unaudited)		(Unaudited)	
	30 June	30 June	30 June	30 June	30 June	30 June
	2015	2014	2015	2014	2015	2014
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenue	8,044	7,795	981	848	9,025	8,643
Segment result	4,604	4,632	(414)	(581)	4,190	4,051
KFAS, NLST and Zakat	(180)	(140)	-	-	(180)	(140)
Profit/(loss) for the period	4,424	4,492	(414)	(581)	4,010	3,911
Total assets	130,252	110,229	20,920	26,856	151,172	137,085

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

16. **Fiduciary accounts**

The Group manages portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which are not reflected in the condensed consolidated statement of financial position. Assets under management at 30 June 2015 amounted to KD 1.107 billion (31 December 2014: KD 1.089 billion and 30 June 2014: KD 1.077 billion). The Group earned management fee of KD 2.98 million (31 December 2014: KD 6.64 million and 30 June 2014: KD 3.052 million) from these activities.

17. **Commitments**

	KD 000's		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Commitments for purchase of investments	4,456	4,390	4,495
Letters of guarantee	822	157	-
	<u>5,278</u>	<u>4,547</u>	<u>4,495</u>

18. **Financial risk management**

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2014.

19. **Financial instruments measured at fair value**

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 June 2015 (Unaudited)

	KD'000			Total
	Level 1	Level 2	Level 3	
Investments at fair value through profit or loss				
Quoted securities	22,223	-	-	22,223
Managed funds				
- GCC	-	21,117	-	21,117
Fixed income securities	1,098	-	-	1,098
	<u>23,321</u>	<u>21,117</u>	-	<u>44,438</u>
Derivative	-	(104)	-	(104)
Available for sale investments				
Quoted securities	8,405	-	-	8,405
Managed funds				
- GCC	-	15,297	-	15,297
- foreign	-	12,418	-	12,418
Debt instruments	-	-	7,695	7,695
Equity participations and other investments	-	15,319	-	15,319
Unquoted securities	-	-	780	780
	<u>8,405</u>	<u>43,034</u>	<u>8,475</u>	<u>59,914</u>
	<u>31,726</u>	<u>64,047</u>	<u>8,475</u>	<u>104,248</u>

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

31 December 2014 (Audited)

	KD'000			Total
	Level 1	Level 2	Level 3	
Investments at fair value through profit or loss				
Quoted securities	15,415	-	-	15,415
Managed funds				
- GCC	-	21,299	-	21,299
- foreign	-	6	-	6
Fixed income securities	940	-	-	940
	<u>16,355</u>	<u>21,305</u>	<u>-</u>	<u>37,660</u>
Derivative	<u>-</u>	<u>(239)</u>	<u>-</u>	<u>(239)</u>
Available for sale investments				
Quoted securities	11,989	-	-	11,989
Managed funds				
- GCC	-	16,989	-	16,989
- foreign	-	9,837	-	9,837
Debt instruments	-	-	7,638	7,638
Equity participations and other investments	-	14,565	-	14,565
Unquoted securities	-	-	817	817
	<u>11,989</u>	<u>41,391</u>	<u>8,455</u>	<u>61,835</u>
	<u>28,344</u>	<u>62,457</u>	<u>8,455</u>	<u>99,256</u>

30 June 2014 (Unaudited)

	KD'000			Total
	Level 1	Level 2	Level 3	
Investments at fair value through profit or loss				
Quoted securities	18,943	-	-	18,943
Managed funds				
- GCC	-	23,051	-	23,051
Fixed income securities	1,734	-	-	1,734
	<u>20,677</u>	<u>23,051</u>	<u>-</u>	<u>43,728</u>
Derivative	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Available for sale investments				
Quoted securities	12,900	-	-	12,900
Managed funds				
- GCC	-	12,203	-	12,203
- foreign	-	8,881	-	8,881
Debt instruments	-	-	7,486	7,486
Equity participations	-	15,073	-	15,073
Unquoted securities	-	-	818	818
	<u>12,900</u>	<u>36,157</u>	<u>8,304</u>	<u>57,361</u>
	<u>33,577</u>	<u>59,211</u>	<u>8,304</u>	<u>101,092</u>

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Notes to the Consolidated Interim Financial Information (Unaudited) – 30 June 2015

Level 3 fair value measurements

The group's financial assets and liabilities classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	KD 000's		
	30 June 2015 (Unaudited)	31 Dec 2014 (Audited)	30 June 2014 (Unaudited)
Opening balance	8,455	8,356	8,356
Redemption	(128)	(73)	(38)
Gains or losses recognised in:			
-Other comprehensive income	148	172	(14)
Closing balance	8,475	8,455	8,304

The group's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

For financial instruments carried at amortised cost, fair values are not materially different from their carrying values and are used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counter parties.

The impact on condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

20. Derivative financial instruments

Derivatives are financial instruments that derive their value by referring to interest rate, foreign exchange rate or other indices. Notional principal amounts merely represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivatives are carried at fair value and classified under level 2. The derivatives held for trading are given below:

	KD'000		Contractual Amounts
	Assets	Liabilities	
<i>Held for trading:</i>			
Forward foreign exchange contracts			
- 30 June 2015	-	(104)	8,472
- 31 December 2014	-	(239)	8,935
- 30 June 2014	3	-	9,037