

Al Madina for Finance and Investment - K.P.S.C
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2013
With Review Report



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Al Madina for Finance and Investment Company – K.P.S.C
State of Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of Al Madina for Finance and Investment Company – K.P.S.C "the Company" and its subsidiaries ("the Group") as at 31 March 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as disclosed in note (2).

Emphasis of Matter

We draw attention to note (10.3) to the interim condensed consolidated financial information, regarding the outstanding cases between the Group and creditors about the debts instruments that are past due and not paid. The outcomes of such lawsuits can not reliably determined. Our conclusion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 as amended, or of the Articles of Association of the Company have occurred during the three months period ended 31 March 2013 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended concerning currency, the Central Bank of Kuwait, the organization of banking business and its related regulations during the three months period ended 31 March 2013, except for matter discussed in note (10.2) note to the interim condensed consolidated financial information.

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Kuwait, 3 July 2013

Al Madina for Finance and Investment – K.P.S.C
And its subsidiaries

Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	31 March 2013	31 December 2012 (Audited)	31 March 2012
Assets				
Cash at banks and financial institution	3	3,371,446	3,054,289	2,714,758
Investments in Islamic debt instruments	4	11,894,348	11,894,348	11,890,755
Investments at fair value through profit or loss	5	2,854,237	3,945,998	5,744,498
Receivables and other debit balances	6	12,172,749	13,330,204	12,693,769
Real estate held for trading		-	-	2,786,367
Investments properties	7	68,360,463	68,375,237	64,314,867
Investments in associates	8	26,409,890	26,452,913	38,510,533
Available for sale investments	9	11,584,491	12,667,338	-
Property and equipment		4,104,096	4,070,443	5,297,716
Total assets		140,751,720	143,790,770	143,953,263
Liabilities and equity				
Liabilities				
Payables and other credit balances		12,741,657	13,067,257	12,850,860
Wakala payables	10	56,326,848	56,268,468	58,524,378
End of service indemnity		119,848	133,163	162,952
Total liabilities		69,188,353	69,468,888	71,538,190
Equity				
Equity attributable to shareholders of the Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		27,403,682	27,403,682	33,803,510
Treasury shares		(2,960,493)	(2,960,493)	(5,028,120)
Statutory reserve		-	-	3,507,676
Voluntary reserve		-	-	3,409,102
Other reserves	11	(623,695)	85,826	(675,823)
Accumulated losses		(16,048,512)	(14,668,790)	(12,272,136)
Total equity attributable to shareholders of the Company		48,477,505	50,566,748	63,450,732
Non-controlling interest		23,085,862	23,755,134	8,964,341
Total equity		71,563,367	74,321,882	72,415,073
Total liabilities and equity		140,751,720	143,790,770	143,953,263

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Faisal Bin Abdul-Rahman Al-Hatem
Chairman

Mohamed Darweesh Al - Shammali
Vice Chairman

Al Madina for Finance and Investment – K.P.S.C
And its subsidiaries

Interim Condensed Consolidated Statement of Income
For the three months ended 31 March 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2013	2012
Revenues			
(Losses)/ gain from investments	12	(369,590)	820,120
Gross profit from oilfield and other service		80,628	273,814
Income from consulting services		30,420	32,999
Other (expenses)/ income		(56,757)	19,188
		(315,299)	1,146,121
Expenses and other charges			
Losses from investments in associates		(257,905)	(156,280)
Real estate losses		(72,989)	(127,756)
Finance charges	10.3	-	(226,066)
General and administrative expenses		(682,353)	(747,929)
Provide provisions and impairment	6	(903,812)	(437,904)
		(1,917,059)	(1,695,935)
Net loss for the period		(2,232,358)	(549,814)
Attributable to:			
Shareholders of the Company		(1,527,993)	(585,684)
Non-controlling interest		(704,365)	35,870
		(2,232,358)	(549,814)
Loss per share (fils)	13	(3.97)	(1.52)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Comprehensive Income
For the three months ended 31 March 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 31 March	
	2013	**2012**
Net loss for the period	(2,232,358)	(549,814)
Other comprehensive income items:		
Items that may be reclassified subsequently to statement of income:		
Group's share in other comprehensive income items of the associates	70,564	166,118
Transferred to statement of income from sale of the shares in associate	-	34,884
Changes at fair value of available for sale investments reserve	(909,807)	-
Transferred to statement of income from sale of available for sale investments	(74,249)	-
Foreign currency translation reserve	239,064	(100,183)
	(674,428)	100,819
Total comprehensive loss for the period	(2,906,786)	(448,995)
Attributable to:		
Shareholders of the Company	(2,237,514)	(472,634)
Non-controlling interest	(669,272)	23,639
	(2,906,786)	(448,995)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Al Madina for Finance and Investment – K.P.S.C
And its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the three months ended 31 March 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Company									
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary shares	Other reserves (Note 11)	Accumulated losses	Total equity attributable to the Company's shareholders	Non-controlling interest	Total equity
Balance as at 1 January 2012	**40,706,523**	**33,803,510**	**(5,028,120)**	**3,507,676**	**3,409,102**	**(788,873)**	**(11,593,304)**	**64,016,514**	**8,940,702**	**72,957,216**
Net loss of the period	-	-	-	-	-	-	(585,684)	(585,684)	35,870	(549,814)
Other comprehensive income items										
Group's share from other comprehensive income items of the associates	-	-	-	-	-	166,118	-	166,118	-	166,118
Transferred to statement of income from sale of the shares in associate	-	-	-	-	-	34,884	-	34,884	-	34,884
Foreign currency translation reserve	-	-	-	-	-	(87,952)	-	(87,952)	(12,231)	(100,183)
Total other comprehensive income items	-	-	-	-	-	113,050	-	113,050	(12,231)	100,819
Effect of change in accumulated loss of associates	-	-	-	-	-	-	(93,148)	(93,148)	-	(93,148)
Balance as at 31 March 2012	**40,706,523**	**33,803,510**	**(5,028,120)**	**3,507,676**	**3,409,102**	**(675,823)**	**(12,272,136)**	**63,450,732**	**8,964,341**	**72,415,073**
Balance as at 1 January 2013	**40,706,523**	**27,403,682**	**(2,960,493)**	**-**	**-**	**85,826**	**(14,668,790)**	**50,566,748**	**23,755,134**	**74,321,882**
Net loss of the period	-	-	-	-	-	-	(1,527,993)	(1,527,993)	(704,365)	(2,232,358)
Other comprehensive income items										
Group's share from other comprehensive income items of the associate	-	-	-	-	-	70,564	-	70,564	-	70,564
Changes at fair value of available for sale investments reserve	-	-	-	-	-	(869,217)	-	(869,217)	(40,590)	(909,807)
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	(73,507)	-	(73,507)	(742)	(74,249)
Foreign currency translation reserve	-	-	-	-	-	162,639	-	162,639	76,425	239,064
Total other comprehensive income	-	-	-	-	-	(709,521)	-	(709,521)	35,093	(674,428)
Group's share of losses from sale of treasury shares of associate	-	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Effect of change in accumulated losses of associates	-	-	-	-	-	-	153,930	153,930	-	153,930
Balance as at 31 March 2013	**40,706,523**	**27,403,682**	**(2,960,493)**	**-**	**-**	**(623,695)**	**(16,048,512)**	**48,477,505**	**23,085,862**	**71,563,367**

The accompanying notes form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2013	2012
Cash flows from operating activities			
Net loss for the period		(2,232,358)	(549,814)
Adjustments:			
Losses/ (gains) from investments		369,590	(820,120)
Losses from sale of subsidiary	14	354	-
Losses from investment in associates		257,905	156,280
Real estate losses		174,788	382,013
Finance charges		-	226,066
Provide provisions and impairment		903,812	437,904
Depreciation		37,572	32,515
Employees' end of service's indemnity		(13,315)	16,054
Operating losses before changing in operation assets and liabilities		(501,652)	(119,102)
Investments at fair value through profit or loss		632,368	242,771
Real estate held for trading		-	(2,194,900)
Receivables and other debit balances		235,924	2,033,815
Payables and other credit balances		11,634	(573,324)
Net cash generated from/ (used in) operating activities		378,274	(610,740)
Cash flows from investing activities			
Proceeds from Murabaha and Mudaraba investment		-	70,000
Paid for purchase of available for sale investments		(4,043,648)	-
Proceeds from sale of available for sale investments		4,232,242	-
Cash generated from disposal of subsidiaries		(8,914)	-
Paid for purchase of investments in associate		(56,324)	-
Proceeds from sale of investments in associates		54,877	1,010,940
Paid for purchase of property and equipments		(79,336)	-
Paid for purchase of investment properties		(160,014)	(132,422)
Net cash (used in)/ generated from investing activities		(61,117)	948,518
Net increase in cash and cash equivalent		317,157	337,778
Cash and cash equivalent at the beginning of the period		2,982,621	2,305,312
Cash and cash equivalent at the end of the period	3	3,299,778	2,643,090

The accompanying notes form an integral part of this interim condensed consolidated financial information

1. Incorporation of the Group

Al Madina for Finance and Investment Company (the Company) is a Closed Kuwaiti Shareholding Company incorporated in Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Company were listed on Kuwait Stock Exchange in 24 April 2006. The Company is regulated by the Central Bank of Kuwait and Capital Market Authority.

The Company's headquarter office is domiciled at Ahmed Al Jabber , sharq, Kuwait.

The principle activities of the Group are representing in all investing activities, finance and management of funds and rights. Trading and leasing of lands and real estate and providing oilfield services. The activities of the Group are carried out in accordance with Noble Islamic Sharia principles.

The interim condensed consolidated financial information includes subsidiaries controlled by the Company (Together referred to "the Group") (Note 14).

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce will determine the basis and rules which the Company shall adopt to regularise its affairs with the Companies Law as amended.

The General Assembly of the shareholders for the year ended 31 December 2012 were not held, consequently the opening balances does not approved yet.

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on 3 July 2013.

2. Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), applicable to Interim Financial Reporting.

Interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards as adopted in the State of Kuwait for financial institutions that are under supervision of Central Bank of Kuwait.

In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been include, in the condensed consolidation financial information. The operating results for the period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements for the year ended 31 December 2012 and its related disclosures.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2012 except for the adoption of the new and amended IFRS that have become effective from 1 January 2013:

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Company does not have any assets with these characteristics so there has been no effect on the interim condensed consolidated financial information of the Group.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities.

Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the interim condensed consolidated financial information.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. The Group will review before the year end and may disclose any additional disclosure in the annual financial statements of the Group.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any impact on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The adoption of this standard has not resulted in any additional disclosure in the interim condensed consolidated financial statements. However additional disclosure may be made in the annual financial statement of the Group.

IAS 1 Presentation of Financial Statement

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Group's financial position or performance. The adoption of this standard has not resulted in presentation changes in statement of profit or loss and other comprehensive income.

3. Cash and cash equivalent

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Bank current accounts	2,286,216	2,417,727	955,209
Cash at portfolios and Kuwait Clearing company	1,073,740	636,134	1,752,293
Cash on hand	11,490	428	7,256
Cash at bank and financial institutions	3,371,446	3,054,289	2,714,758
Less:			
Cash restricted under legal preserve	(71,668)	(71,668)	(71,668)
Cash and cash equivalent for the purpose of statement of cash flows	3,299,778	2,982,621	2,643,090

4. Investment in Islamic debt instruments

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Murabaha	475,000	475,000	475,000
Musharaka	12,167,772	12,167,772	12,164,179
	12,642,772	12,642,772	12,639,179
Impairment in value provision	(748,424)	(748,424)	(748,424)
	11,894,348	11,894,348	11,890,755

4.1 The Group does not calculate fixed returns on Musharakat contracts based on authorization by Fatwa and Sharia Board until the settlement of these contracts. During previous years, Murabaha receivables were due but have not been paid and for which a full provision has been made. All Musharaka receivables are due in 2013.

4.2 The Group received guarantees with a fair value of KD 22.6 Million as at 31 March 2013 approximately (approximately KD 24.2 Million as at 31 December 2012) against Musharaka and a part of due from related parties by KD 2,678,491, and also against contingent liabilities (note 16).

The Group received these collaterals based on mortgage contracts signed between the Group and the debtors, in addition to the acquaintance declaration appended in the executive form by one of those parties.

5. Investments at fair value through profit or loss

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Held for trading investments	1,331,746	1,757,317	1,483,188
Investments at fair value through profit or loss on acquisition	1,522,491	2,188,681	4,261,310
	2,854,237	3,945,998	5,744,498
Investments in local shares – quoted	1,331,746	1,757,317	1,483,188
Investments in local shares – unquoted	285,965	807,343	2,866,378
Investments in local funds – unquoted	1,236,526	1,381,338	1,394,932
	2,854,237	3,945,998	5,744,498

5.1 Investments in quoted local shares was evaluated based on the last paid price stated as at the financial information date, and investments in unquoted local shares was evaluated based on technical evaluation as per the latest available information about the financial position and the results of the activities of the investee companies and the future profits expected of these companies as at 31 December 2012, the fair value of investments in unquoted local funds was determined based on the net assets value of the units as at 31 March 2013.

6. Receivable and other debit balances

During the current period, the provision of doubtful debts was provided by KD 903,812 against non-collectable amount due from real estate purchase receivables.

7. Investments properties

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Local real estate	7,165,687	7,194,000	6,871,320
Foreign real estate	61,194,776	61,181,237	57,443,547
	68,360,463	68,375,237	64,314,867

7.1 The fair value of investment properties as at 31 December 2012 has been determined by independent valuers.

7.2 A part of investment properties of KD 1,579,076 as at 31 March 2013 (KD 1,656,000 as at 31 December 2012) registered in related parties name and there is an assignment letter on benefit of the Group.

8. Investments in associates

	Ownership %	31 March 2013	Ownership %	31 December 2012 (Audited)	Ownership %	31 March 2012
Ekttitab Holding Co. K.S.C.H	28.68	4,900,982	22.69	5,124,356	22.22	4,607,924
Hits Telecom Co.	37.20	20,421,408	37.20	20,241,057	39.51	33,902,609
Kuwait City Holding Company – K.S.C.H.	29	1,087,500	29	1,087,500	-	-
		26,409,890		26,452,913		38,510,533

8.1 The Group has recorded its shares of the associates result as per unaudited financial information as at 31 March 2013, except Kuwait City Holding Company as there is no financial information prepared for this account.

8.2 The Group has control on Ektitab Holding Company and Hits Telecom Company through its majority of representation in the former Board of Directors. The Group lost its majority of current representation, therefore the Group does not consolidate the financial statements of Ektitab Holding Company and Hits Telecom Company with its financial statements.

8.3 On 31 December 2012, the Group had reclassified its investments in Kuwait City Holding Company from investment at fair value through profit or loss to investments in associate based on instructions of regulatory body. The investment was recorded by its carrying value as at the date of transfer, which is equivalent to the investment's fair value that was determined based on the discounted cash flow.

No effect has been resulted on the statement of income as the investment in the associate has been recorded at cost less impairment losses.

9. Available for sale investments

Available for sale investments include the Group's investment in a Kuwaiti Shareholding Company by 18% approximately. The Group has control on that Company through its majority of representation in the Board of Directors. During the period, the Group lost its majority of representation, therefore the Group does not consolidated the financial statements of that Company with its financial statements.

10. Wakala payables

10.1 Wakala payable are guarantee against pledging the following assets in addition to pledging the investment portfolio owned by related party with a fair value of KD 868,180:

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Investments in associates	19,688,898	19,725,322	28,446,730
Investments at fair value through profit or loss	819,209	945,154	962,993
Land and real estate under development	-	-	645,437
Investments properties	6,288,397	6,288,397	5,041,022
	26,796,504	26,958,873	35,096,182

10.2 Wakala payables include an amount of KD 2,522,653 as at 31 March 2013 and 31 December 2012, and 31 March 2012 which represents Wakala granted by investment funds.

10.3 All Wakala payables were matured during prior years, but have not been renewed, or paid. The Group had ceased to record the finance cost thereon. There is a legal dispute with all parties of the Wakala contracts on the amounts that should be paid out of the Wakala principle payables of KD 52,729,788, except for a creditor who is owed by KD 3,597,060 as at 31 March 2013, as there is a negotiation with this party. An executive confiscation has been made on the Company's pledged assets for Wakala payables.

11. Other reserves

	Employee share options reserves	Group's share in associates reserves	Changes in fair value reserve	Foreign currency translation reserves	Total
Balance as at 1 January 2012	490,500	(1,274,623)	-	(4,750)	(788,873)
Total comprehensive income/ (losses) for the period	-	201,002	-	(87,952)	113,050
Balance as at 31 March 2012	490,500	(1,073,621)	-	(92,702)	(675,823)
Balance as at 1 January 2013	490,500	(777,995)	365,417	7,904	85,826
Total comprehensive (losses)/ income for the period	-	70,564	(942,724)	162,639	(709,521)
Balance as at 31 March 2013	490,500	(707,431)	(577,307)	170,543	(623,695)

12. (Losses) / gains from investments

	Three months ended 31 March	
	2013	**2012**
(Losses)/ gains from sale of investments at fair value through profit or loss	(9,086)	247,947
Change in fair value of investments at fair value through profit or loss	(450,307)	572,173
Gains from sale of available for sale investments	89,803	-
	(369,590)	820,120

13. Loss per share

Loss per share is calculated by dividing net loss for the period by the weighted average number of outstanding shares during the period as follows:

	Three months ended 31 March	
	2013	**2012**
Net loss for the period attributable to shareholders of the Company	(1,527,993)	(585,684)
Weighted average number of issued and outstanding shares during the period (share)	384,623,606	384,163,606
Loss per share (fils)	(3.97)	(1.52)

14. Investments in subsidiaries

Subsidiaries' management accounts have been used for consolidation purposes. The subsidiaries' assets amounted to KD 95,765,441 as at 31 March 2013 (KD 97,228,786 as at 31 December 2012, KD 77,970,313 as at 31 March 2012), and net losses KD 879,365 during the period ended 31 March 2013 (profit of KD 44,280 for the period ended 31 March 2012).

During the period ended 31 March 2013, the Group has sold Al-Madina Educational Company entirely to another party against an amount of KD 85,801. This transaction has resulted in losses of KD 354.

15. Related parties' transactions

Related parties are representing in the Group's shareholders who have representation in the board of directors, members of the board of directors, senior management, associates, and subsidiaries. In the normal course of business and subject to the Group's management approval, there were transactions with related parties during the period ended 31 March. The related parties significant transactions and outstanding balances were as follows:

	Three months ended 31 March	
	2013	2012
Transactions		
Key and executive management remunerations	8,909	38,817
Gains from sale of investment at fair value through profit or loss	4,129,234	-

	31 March 2013	31 December 2012 (Audited)	31 March 2012
Financial position			
Investments in Murabaha and Musharaka	11,894,348	11,894,348	11,890,755
Receivables and other debit balances	3,951,333	3,991,927	3,570,726
Payables and other credit balances	481,415	440,092	550,241
Restricted cash against letter of guarantee in favor of related parties	516,088	516,088	-

The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 23,766,276 as at 31 March 2013 (KD 33,241,105 as at 31 December 2012 and KD 43,888,086 as at 31 March 2012).

The Company has provided a joint security against a Murabaha payable granted to a related party of KD 2,298,011 as at 31 March 2013.

All related parties transactions are subject to the approval of the General Assembly of the shareholders.

16. Contingent liabilities

There are legal disputes between the Group and certain portfolio clients in respect of liquidation of those parties' accounts amounting to KD 6,131,610. The Group's management believes that there is no provision required for this purpose, as there are off-balance sheet assets pledged by certain third parties in favor of the Group, in addition to mortgage of certain assets directly by the same parties in favor of portfolio clients that can be used to cover the judicial rulings outcome. The fair value of the collaterals exceeds the claims' value. A reconciliation and settlement contract has been concluded with one party for the payment of an amount of KD 2,200,000. The settlement items have been completed and the claims with that party have been waived during the period. an acquaintance has also been obtained from this party. An executive confiscation by a judgment has been made on certain assets. Accordingly, the Group's management believes that there will be no impact on the results of the Group's.

17. Segment distribution

The Group carries out the majority of its activities in the State of Kuwait through two major segments:

- Real estate segment: represents in develop and sell land and properties.
- Investment segment: represents in direct investment and portfolios management and investment funds for third party.

Analysis of the financial information according to segments for the three months period ended 31 March is as follows:

	Real Estate		Investment finance		Total	
	2013	2012	2013	2012	2013	2012
Segment revenue	(72,989)	(127,756)	(597,075)	696,839	(670,064)	569,083
Segment results	(72,989)	(127,756)	(597,075)	470,773	(670,064)	343,017
Segment assets	73,411,373	73,574,850	52,742,966	56,145,786	126,154,339	129,720,636
Segment liabilities	2,687,494	4,984,926	60,966,766	63,045,899	63,654,260	68,030,825

	2013	2012
Total segment result	(670,064)	343,017
Total profit of oil service and other	80,628	273,814
Other income	(56,757)	19,188
General and administrative expenses	(682,353)	(747,929)
Provisions of claims	(903,812)	(437,904)
Net loss for the period	(2,232,358)	(549,814)
Total segment assets	126,154,339	129,720,636
Cash and cash equivalent	3,371,446	2,714,758
Receivables and other debit balances	7,121,839	6,220,153
Property and equipment	4,104,096	5,297,716
Total assets	140,751,720	143,953,263

18. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the balance sheet of the Group. The net assets of these portfolios amounted to KD 55,556,383 as at 31 March 2013 (KD 60,209,490 as at 31 December 2012 and KD 63,341,923 as at 31 March 2012).