

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the six months ended 30 June 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 30 June 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 six months period ended 30 June 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 six months period ended 30 June 2013, except for matter discussed in note (10.2) to the interim condensed consolidated financial information.

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Independent Member of B.K.R. International

Kuwait, 20 August 2013

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

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2013	31 December 2012 (Audited)	30 June 2012
Assets				
Cash at banks and financial institution	3	1,996,243	3,054,289	3,747,089
Investments in Islamic debt instruments	4	12,952,085	11,894,348	11,894,348
Investments at fair value through profit or loss	5	2,643,229	3,945,998	5,521,200
Receivables and other debit balances	6	15,502,954	13,330,204	13,103,740
Real estate held for trading		-	-	1,064,779
Investments properties	7	29,276,758	68,375,237	64,326,934
Investments in associates	8	40,323,871	26,452,913	38,186,034
Available for sale investments	9	11,296,379	12,667,338	-
Property and equipment		3,862,995	4,070,443	5,340,063
Total assets		117,854,514	143,790,770	143,184,187
Liabilities and equity				
Liabilities				
Payables and other credit balances		12,272,292	13,067,257	12,829,118
Wakala payables	10	51,636,181	56,268,468	57,313,414
End of service indemnity		124,842	133,163	198,850
Total liabilities		64,033,315	69,468,888	70,341,382
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	29,126,984
Treasury shares		(2,697,779)	(2,960,493)	(5,028,120)
Other reserves	11	(1,607,128)	85,826	(205,634)
Accumulated losses		(16,331,693)	(14,668,790)	(680,916)
Total equity attributable to shareholders of the Company		47,473,605	50,566,748	63,918,837
Non-controlling interest		6,347,594	23,755,134	8,923,968
Total equity		53,821,199	74,321,882	72,842,805
Total liabilities and equity		117,854,514	143,790,770	143,184,187

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

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

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

Interim Condensed Consolidated Statement of Income
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2013	2012	2013	2012
Revenues					
(Losses)/ gain from investments	12	(314,641)	(286,650)	(684,231)	533,470
(Losses)/ gain from investments in an associate	8.1	(21,662)	295,355	(279,567)	139,075
Gain from sale of subsidiary	14	40,856	-	40,502	-
Real estate income		240,674	562,120	167,685	434,364
Gross (loss)/ profit from oilfield and other service		(177,343)	309,080	(96,715)	582,894
Income from consulting services		29,511	29,645	59,931	62,644
Other income/ (expenses)		48,193	77,658	(8,210)	96,846
		(154,412)	987,208	(800,605)	1,849,293
Expenses and other charges					
Finance charges		-	(51,148)	-	(277,214)
General and administrative expenses		(500,022)	(553,085)	(1,182,375)	(1,301,014)
Provisions		-	(451,906)	(903,812)	(889,810)
		(500,022)	(1,056,139)	(2,086,187)	(2,468,038)
Net loss for the period		(654,434)	(68,931)	(2,886,792)	(618,745)
Attributable to:					
Shareholders of the Company		(199,016)	(28,558)	(1,727,009)	(614,242)
Non-controlling interest		(455,418)	(40,373)	(1,159,783)	(4,503)
Net loss for the period		(654,434)	(68,931)	(2,886,792)	(618,745)
Loss per share (fils)	13	(0.51)	(0.07)	(4.46)	(1.60)

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

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Net loss for the period	**(654,434)**	**(68,931)**	**(2,886,792)**	**(618,745)**
Other comprehensive income items:				
Items that may be reclassified subsequently to statement of income:				
Group's share in other comprehensive income items of the associate	-	414,369	70,564	580,487
Transferred to statement of income from sale of the shares in associate	-	19,805	-	54,689
Changes at fair value of available for sale investments reserve	(964,002)	-	(1,873,809)	-
Transferred to statement of income from sale of available for sale investments	(8,002)	-	(82,251)	-
Foreign currency translation reserve	(28,550)	36,015	210,514	(64,168)
Transferred to statement of income from disposal of subsidiary	(34,004)	-	(34,004)	-
Total other comprehensive income items	(1,034,558)	470,189	(1,708,986)	571,008
Total comprehensive (loss)/ income for the period	**(1,688,992)**	**401,258**	**(4,595,778)**	**(47,737)**
Attributable to:				
Shareholders of the Company	(1,182,449)	441,631	(3,419,963)	(31,003)
Non-controlling interest	(506,543)	(40,373)	(1,175,815)	(16,734)
	(1,688,992)	**401,258**	**(4,595,778)**	**(47,737)**

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 six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Company								Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary shares	Other reserves (Note 11)	Accumulated losses	Total equity attributable to the Company's shareholders		
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	-	-	-	-	-	-	(614,242)	(614,242)	(4,503)	(618,745)
Other comprehensive income items										
Group's share from other comprehensive income items of the associate	-	-	-	-	-	580,487	-	580,487	-	580,487
Transferred to statement of income from sale of the shares in associate	-	-	-	-	-	54,689	-	54,689	-	54,689
Foreign currency translation reserve	-	-	-	-	-	(51,937)	-	(51,937)	(12,231)	(64,168)
Total other comprehensive income items	-	-	-	-	-	583,239	-	583,239	(12,231)	571,008
Amortize of accumulated losses	-	(4,676,526)	-	(3,507,676)	(3,409,102)	-	11,593,304	-	-	-
Group's share from gain on sale of the associate treasury share	-	-	-	-	-	-	26,474	26,474	-	26,474
Effect of change in accumulated loss of associates	-	-	-	-	-	-	(93,148)	(93,148)	-	(93,148)
Balance as at 30 June 2012	**40,706,523**	**29,126,984**	**(5,028,120)**	**-**	**-**	**(205,634)**	**(680,916)**	**63,918,837**	**8,923,968**	**72,842,805**
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	-	-	-	-	-	-	(1,727,009)	(1,727,009)	(1,159,783)	(2,886,792)
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	-	-	-	-	-	(1,782,255)	-	(1,782,255)	(91,554)	(1,873,809)
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	(81,348)	-	(81,348)	(903)	(82,251)
Foreign currency translation reserve	-	-	-	-	-	134,089	-	134,089	76,425	210,514
Transferred to statement of income from disposal of subsidiary (note 14)	-	-	-	-	-	(34,004)	-	(34,004)	-	(34,004)
Total other comprehensive income	-	-	-	-	-	(1,692,954)	-	(1,692,954)	(16,032)	(1,708,986)
Effect of disposal of subsidiaries (note 14)	-	-	262,714	-	-	-	(84,165)	178,549	(16,231,725)	(16,053,176)
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 30 June 2013	**40,706,523**	**27,403,682**	**(2,697,779)**	**-**	**-**	**(1,607,128)**	**(16,331,693)**	**47,473,605**	**6,347,594**	**53,821,199**

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

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2013	2012
Cash flows from operating activities			
Net loss for the period		(2,886,792)	(618,745)
Adjustments:			
Losses/ (gains) from investments		684,231	(533,470)
Losses/ (gains) from investment in an associate		279,567	(139,075)
Gains from sale of subsidiaries		(40,502)	-
Real estate income		-	(28,305)
Finance charges		-	277,214
Provisions		903,812	889,810
Depreciation and amortization		186,427	44,542
Employees' end of service's indemnity		(4,194)	51,952
Operating losses before changing in operation assets and liabilities		(877,451)	(56,077)
Investments at fair value through profit or loss		556,163	381,675
Real estate held for trading		-	(62,994)
Receivables and other debit balances		(2,156,762)	966,089
Payables and other credit balances		1,410,268	(550,343)
Net cash (used in)/ generated from operating activities		(1,067,782)	678,350
Cash flows from investing activities			
Proceeds from Murabaha and Mudaraba investment		-	70,000
Paid for purchase of available for sale investments		(4,672,833)	-
Proceeds from sale of available for sale investments		4,525,107	-
Cash generated from disposal of subsidiaries		3,779,175	-
Paid for purchase of investments in associates		(6,637,475)	(55,666)
Proceeds from sale of investments in associates		2,669,110	2,147,107
Proceeds from sale of investment properties		346,652	-
Paid for purchase of investment properties		-	(144,489)
Paid for purchase of property and equipment		-	(54,374)
Net cash generated from investing activities		9,736	1,962,578
Cash flows from financing activities			
Murabaha and Wakala payables		-	(1,187,819)
Paid from finance charges		-	(83,000)
Net cash used in financing activities		-	(1,270,819)
Net (decrease)/ increase in cash and cash equivalent		(1,058,046)	1,370,109
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	1,924,575	3,675,421

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 20 August 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 30 June 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

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Bank current accounts	1,721,308	2,417,727	2,252,146
Cash at portfolios and Kuwait Clearing company	263,877	636,134	1,489,514
Cash on hand	11,058	428	5,429
Cash at bank and financial institutions	1,996,243	3,054,289	3,747,089
Less:			
Cash restricted under legal preserve	(71,668)	(71,668)	(71,668)
Cash and cash equivalent for the purpose of statement of cash flows	1,924,575	2,982,621	3,675,421

4. Investment in Islamic debt instruments

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Murabaha	475,000	475,000	475,000
Musharaka	13,225,509	12,167,772	12,167,772
	13,700,509	12,642,772	12,642,772
Impairment in value provision	(748,424)	(748,424)	(748,424)
	12,952,085	11,894,348	11,894,348

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 has 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 20.1 Million as at 30 June 2013 approximately (approximately KD 24.2 Million as at 31 December 2012 and KD 42.5 Million as at 30 June 2012) against Musharaka and a part of due from related parties by KD 2,450,029, 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 acquittance declaration appended in the executive form by one of those parties.

5. Investments at fair value through profit or loss

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Held for trading investments	1,143,644	1,757,317	1,323,646
Investments at fair value through profit or loss on acquisition	1,499,585	2,188,681	4,197,554
	2,643,229	3,945,998	5,521,200
Investments in local shares – quoted	1,143,644	1,757,317	1,323,646
Investments in local shares – unquoted	285,958	807,343	2,866,379
Investments in local funds – unquoted	1,213,627	1,381,338	1,331,175
	2,643,229	3,945,998	5,521,200

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.
- Other debit balances include an amount of KD 2,340,371 as at 30 June 2013 due from Sarh Capital Real Estate Company (note 14).

7. Investments properties

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Local real estate	6,833,809	7,194,000	6,872,585
Foreign real estate	22,442,949	61,181,237	57,454,349
	29,276,758	68,375,237	64,326,934

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 1,295,000 as at 30 June 2013 (KD 1,656,000 as at 31 December 2012 and KD 1,054,778 as at 30 June 2012) registered in related parties name and there is an assignment letter on benefit of the Group.

8. Investments in associates

	Ownership %	30 June 2013	Ownership %	31 December 2012 (Audited)	Ownership %	30 June 2012
Ekttitab Holding Co. K.S.C.H	28.68	8,863,507	22.69	5,124,356	22.02	5,470,285
Hits Telecom Co.	37.20	20,397,435	37.20	20,241,057	38.16	32,715,749
Kuwait City Holding Company – K.S.C.H.	-	-	29	1,087,500	-	-
Sarh Capital Real Estate Company (note 14)	35.12	11,062,929	-	-	-	-
		40,323,871		26,452,913		38,186,034

8.1 The Group has recorded its shares of the associates result as per unaudit financial information as at 31 March 2013, except Sarh capital Real Estate Company as per financial information prepared by management.

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 during the current period, therefore the Group does not consolidate the financial statements of Ektitab Holding Company and Hits Telecom Company with its financial statements.

8.3 During the current period, the Group's share in Kuwait City Holding Company was decrease from 29% to 10%. The remaining balance of investment in Kuwait City Holding Company amounting to KD 375,000 was transferred to available for sale investments with the carrying value as at 30 June 2013 which are equivalent to its fair value.

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 investment portfolio owned by related party with a fair value of KD 824,357 as at 30 June 2013 in addition to pledging the following assets:

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Investments in associates	11,772,499	19,725,322	29,149,077
Investments at fair value through profit or loss	-	945,154	933,452
Land and real estate under development	-	-	816,018
Investments properties	6,288,397	6,288,397	5,042,022
	18,060,896	26,958,873	35,940,569

10.2 Wakala payables include an amount of KD 2,522,653 as at 30 June 2013 and 31 December 2012, and 30 June 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 48,039,121, except for a creditor who is owed by KD 3,597,060 as at 30 June 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 for the period	-	635,176	-	(51,937)	583,239
Balance as at 30 June 2012	490,500	(639,447)	-	(56,687)	(205,634)
Balance as at 1 January 2013	490,500	(777,995)	365,417	7,904	85,826
Total comprehensive loss for the period	-	70,564	(1,858,131)	94,613	(1,692,954)
Balance as at 30 June 2013	490,500	(707,431)	(1,492,714)	102,517	(1,607,128)

12. (Losses) / gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
(Losses)/ gains from sale of investments at fair value through profit or loss		(26,165)	(9,086)	221,482
Change in fair value of investments at fair value through profit or loss	(287,213)	(263,777)	(737,520)	308,396
(losses)/ gains from sale of available for sale investments	(27,428)	-	62,375	-
Murabaha revenue	-	3,592	-	3,592
	(314,641)	(286,650)	(684,231)	533,470

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 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Net loss for the period attributable to shareholders of the Company	(199,016)	(28,558)	(1,727,009)	(614,242)
Weighted average number of issued and outstanding shares during the period (share)	389,523,611	384,163,606	387,073,611	384,163,606
Loss per share (fils)	(0.51)	(0.07)	(4.46)	(1.60)

14. Investments in subsidiaries

14.1 Subsidiaries' management accounts have been used for consolidation purposes. The subsidiaries' assets amounted to KD 60,962,967 as at 30 June 2013 (KD 97,228,786 as at 31 December 2012, KD 76,514,728 as at 30 June 2012), and net losses KD 604,425 during the period ended 30 June 2013 (profit of KD 48,928 for the period ended 30 June 2012).

14.2 During the current period, the Group has sold a share of 4% of its investment share in Capital Real Estate Development Company. Therefore, the remaining share is 75.5%. The selling price amounted to KD 977,734 are collected in cash. This transaction has resulted in losses of KD 84,165 (including closing of changes at fair value reserve amounted to KD 5,472) were recorded in accumulated losses.

14.3 During the period ended 30 June 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.

14.4 During the current period, the Group has sold 10% of its investment share in Sarh Capital Real Estate. Therefore, the Group's share is 35.12%. The Group lost its control on the Company, accordingly, the remaining shares have been transferred to investment in associates. The investments in associate were recorded at carrying value as they are approximately equal to their fair value.

Following is a statement of net assets of disposal's subsidiaries as at disposal date:

	Sarh Capital Real Estate Company	Al-Madina Educational Company	Total
Assets			
Cash and cash equivalent	341,145	8,914	350,059
Receivables and other debit balances	61,157	25,724	86,881
Due from Parent Company	-	77,796	77,796
Investments in associates	719,204	5,400	724,604
Investment properties	38,751,827	-	38,751,827
Company's investment in Parent Company's share (treasury shares)	262,714	-	262,714
Property and equipment	12,910	8,111	21,021
Liabilities			
Due to Parent Company	(2,224,917)	-	(2,224,917)
Payables and other credit balances	(670,309)	(39,790)	(710,099)
Employees' end of service indemnity	(4,127)	-	(4,127)
Wakala payable due to Parent Company	(1,057,737)	-	(1,057,737)
Wakala payable	(4,690,666)	-	(4,690,666)
Net assets' value	31,501,201	86,155	31,587,356
Less: non-controlling interests	(17,288,152)	-	(17,288,152)
Group's share in net assets of the subsidiaries	14,213,049	86,155	14,299,204
Transferred to associate	(11,062,929)	-	(11,062,929)
Group's share in subsidiaries reserves	(39,476)	-	(39,476)
Less: subsidiaries disposal's amount	(3,151,500)	(85,801)	(3,237,301)
Gain from disposal of subsidiaries	(40,856)	354	(40,502)
Cash proceeds from disposal of subsidiary	3,151,500	-	3,151,500
Less: cash at subsidiaries as at the disposal date	(341,145)	(8,914)	(350,059)
Cash resulted from disposal of subsidiaries	2,810,355	(8,914)	2,801,441

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, subject to the Group's management approval, there were transactions with related parties during the period ended 30 June. The related parties significant transactions and outstanding balances were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Transactions				
Murabaha and Mudaraba income	-	3,592	-	3,592
Key and executive management remunerations	8,909	38,817	17,814	77,634
Disposal of investment in subsidiaries	4,129,234	-	4,129,234	-

	30 June 2013	31 December 2012 (Audited)	30 June 2012
Financial position			
Investments in Murabaha and Musharaka	12,952,085	11,894,348	11,894,348
Receivables and other debit balances	6,795,763	3,991,927	3,592,544
Payables and other credit balances	531,340	440,092	475,162
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 21,581,903 as at 30 June 2013 (KD 33,241,105 as at 31 December 2012 and KD 35,974,142 as at 30 June 2012) and were recorded out of interim condensed consolidated financial position items.

The Company has provided a joint security against a Murabaha payable granted to a related party of KD 2,298,011 as at 30 June 2013.

Group's investment in an associates and investment at fair value through profit or loss of KD 7,983,312 and KD 810,439 as at 30 June 2013 respectively was pledged as guarantee against Murabaha payable granted to related party.

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 signed 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 six months period ended 30 June is as follows:

	Real Estate		Investment finance		Total	
	2013	2012	2013	2012	2013	2012
Segment revenue	167,685	434,364	(863,365)	735,188	(695,680)	1,169,552
Segment results	167,685	434,364	(863,365)	457,974	(695,680)	892,338
Segment assets	34,269,080	71,956,776	67,215,564	55,601,582	101,484,644	127,558,358
Segment liabilities	2,440,668	4,451,296	56,136,895	61,830,935	58,577,563	66,282,231

	2013	2012
Total segment result	(695,680)	892,338
Total (losses)/ profit of oil service and other	(96,715)	582,894
Other (expenses)/ income	(8,210)	96,847
Provisions	(903,812)	(889,810)
General and administrative expenses	(1,182,375)	(1,301,014)
Net loss for the period	(2,886,792)	(618,745)
Total segment assets	101,484,644	127,558,358
Cash and cash equivalent	1,996,243	3,747,089
Receivables and other debit balances	10,510,632	6,538,676
Property and equipment	3,862,995	5,340,064
Total assets	117,854,514	143,184,187

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 53,720,345 as at 30 June 2013 (KD 60,209,490 as at 31 December 2012 and KD 64,830,555 as at 30 June 2012).

19. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets.
- Level two: Inputs other than quoted prices included within level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the financial instrument's analysis recorded at fair value based on the levels mentioned above:

	Investments at fair value through profit or loss		Available for sale investments	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Level one	1,143,644	1,757,317	9,434,041	11,180,000
Level two	1,213,627	1,381,338	-	-
Level three	285,958	807,343	1,862,338	1,487,338
	2,643,229	3,945,998	11,296,379	12,667,338