

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 2014
With Review Report



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

REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS

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 2014, 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

Without qualifying our conclusion, we refer to note (2.1) of this interim condensed consolidated financial information regarding the Wakala payables and credit balances that are due but not paid and to the outstanding lawsuits between the Group and the creditors, an executive confiscation has been made on the Company's pledged assets. The Company submitted an application to the court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law". These conditions, along with other matters as set forth in the above mentioned paragraph, indicate the existence a materiel uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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 and Memorandum of Association of the Company have occurred during the six months period ended 30 June 2014 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 and the organization 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 months period ended 30 June 2014, that might have had a material effect on the business of the Company or on its financial position, except as mentioned in note (10.3) from these interim condensed consolidated financial information.

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

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Licence No. 69A
Independent Member of B.K.R. International

Kuwait, 20 August 2014

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

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2014
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	30 June 2014	31 December 2013 (Audited)	30 June 2013
Assets				
Cash at banks and financial institution	4	1,932,011	2,528,812	1,996,243
Investments in Islamic debt instruments	5	1,950,211	6,734,525	12,952,085
Investments at fair value through profit or loss	6	2,744,657	2,780,986	2,643,229
Receivables and other debit balances		11,812,858	11,358,030	15,502,954
Investments properties	7	31,861,386	32,016,582	29,276,758
Investments in associates	8	38,166,806	42,733,592	40,323,871
Available for sale investments	9	5,015,645	7,798,765	11,296,379
Property and equipment		308,425	181,597	3,862,995
Total assets		93,791,999	106,132,889	117,854,514
Liabilities and equity				
Liabilities				
Payables and other credit balances		12,638,743	13,477,752	12,272,292
Wakala payables	10	45,600,667	46,092,774	51,636,181
End of service indemnity		124,611	130,132	124,842
Total liabilities		58,364,021	59,700,658	64,033,315
Equity				
Equity attributable to shareholders of the Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		4,584,998	12,734,892	27,403,682
Treasury shares		(2,694,680)	(2,694,680)	(2,697,779)
Other reserves	11	(4,039,333)	(3,052,460)	(1,607,128)
Accumulated losses		(9,965,842)	(8,149,894)	(16,331,693)
Total equity attributable to shareholders of the Company		28,591,666	39,544,381	47,473,605
Non-controlling interests		6,836,312	6,887,850	6,347,594
Total equity		35,427,978	46,432,231	53,821,199
Total liabilities and equity		93,791,999	106,132,889	117,854,514

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

Mohammad Darwesh Al-Shamali
Chairman

Abdul Raouf Tawfiq
Vice chairman

Al Madina for Finance and Investment – K.P.S.C
And its subsidiaries
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Interim Condensed Consolidated Statement of Income
For the six months ended 30 June 2014
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
Revenues					
Income from consulting services		37,168	29,511	58,464	59,931
Real estate income		148,664	240,674	266,714	167,685
Gain from sale of subsidiaries		-	40,856	-	40,502
Other income/ (expenses)		10,639	48,193	20,227	(8,210)
		196,471	359,234	345,405	259,908
Expenses and other charges					
Losses from investments	12	994,453	314,641	4,143,786	684,231
Losses from investments in associates		42,355	21,662	2,243,457	279,567
Gross loss from oilfield and other service		-	177,343	-	96,715
General and administrative expenses		265,286	500,022	1,092,606	1,182,375
Provisions and impairment in value	15	1,761,766	-	2,873,306	903,812
		3,063,860	1,013,668	10,353,155	3,146,700
Net loss for the period		(2,867,389)	(654,434)	(10,007,750)	(2,886,792)
Attributable to:					
Shareholders of the Company		(2,840,590)	(199,016)	(9,933,783)	(1,727,009)
Non-controlling interest		(26,799)	(455,418)	(73,967)	(1,159,783)
Net loss for the period		(2,867,389)	(654,434)	(10,007,750)	(2,886,792)
Loss per share (fils)	13	(7.29)	(0.51)	(25.50)	(4.46)

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

Al Madina for Finance and Investment – K.P.S.C
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Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2014	**2013**	**2014**	**2013**
Net loss for the period	**(2,867,389)**	**(654,434)**	**(10,007,750)**	**(2,886,792)**
Other comprehensive income items:				
Items that may be reclassified subsequently to statement of income:				
Investments in associates				
Group's share in other comprehensive income items of associates	(295,479)	-	(2,169,116)	70,564
Transferred to statement of income from sale of the shares in associate	21,319	-	30,550	-
	(274,160)	-	(2,138,566)	70,564
Available for sale investment				
Changes at fair value	(620,936)	(964,002)	(2,464,586)	(1,873,809)
Transferred to statement of income from sale of investments	45,693	(8,002)	335,112	(82,251)
Transferred to statement of income from impairment in value	474,916	-	3,270,211	-
	(100,327)	(972,004)	1,140,737	(1,956,060)
Foreign currency translation reserve				
Foreign currency translation during the period	-	(28,550)	-	210,514
Transferred to statement of income from disposal of subsidiaries	-	(34,004)	-	(34,004)
	-	(62,554)	-	176,510
Total other comprehensive income items	(374,487)	(1,034,558)	(997,829)	(1,708,986)
Total comprehensive (loss)/ income for the period	**(3,241,876)**	**(1,688,992)**	**(11,005,579)**	**(4,595,778)**
Attributable to:				
Shareholders of the Company	(3,213,070)	(1,182,449)	(10,920,656)	(3,419,963)
Non-controlling interests	(28,806)	(506,543)	(84,923)	(1,175,815)
	(3,241,876)	**(1,688,992)**	**(11,005,579)**	**(4,595,778)**

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
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Interim Condensed Consolidated Statement of Changes in Equity For the six months ended 30 June 2014
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves (Note 11)	Accumulated losses	Total equity attributable to the Company's shareholders		
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 for the period	-	-	-	-	(1,727,009)	(1,727,009)	(1,159,783)	(2,886,792)
Total other comprehensive income	-	-	-	(1,692,954)	-	(1,692,954)	(16,032)	(1,708,986)
Effect of disposal of subsidiaries	-	-	262,714	-	(84,165)	178,549	(16,231,725)	(16,053,176)
Group's share from change in associate equity	-	-	-	-	148,271	148,271	-	148,271
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**
Balance as at 1 January 2014	**40,706,523**	**12,734,892**	**(2,694,680)**	**(3,052,460)**	**(8,149,894)**	**39,544,381**	**6,887,850**	**46,432,231**
Net loss for the period	-	-	-	-	(9,933,783)	(9,933,783)	(73,967)	(10,007,750)
Total other comprehensive income	-	-	-	(986,873)	-	(986,873)	(10,956)	(997,829)
Amortization of accumulated losses (note 16)	-	(8,149,894)	-	-	8,149,894	-	-	-
Group's share from change in associate equity	-	-	-	-	(32,059)	(32,059)	-	(32,059)
Effect of change in non-controlling interests	-	-	-	-	-	-	33,385	33,385
Balance as at 30 June 2014	**40,706,523**	**4,584,998**	**(2,694,680)**	**(4,039,333)**	**(9,965,842)**	**28,591,666**	**6,836,312**	**35,427,978**

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
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Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2014
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2014	2013
Cash flows from operating activities			
Net loss for the period		(10,007,750)	(2,886,792)
Adjustments:			
Losses from investments		4,143,786	684,231
Losses from investments in an associates		2,243,457	279,567
Gains from sale of subsidiaries		-	(40,502)
Real estate income		(33,260)	-
Provisions		2,873,306	903,812
Depreciation and amortization		5,584	186,427
Employees' end of service's indemnity		(5,521)	(4,194)
Operating losses before changing in operation assets and liabilities		(780,398)	(877,451)
Investments at fair value through profit or loss		(345,734)	556,163
Receivables and other debit balances		508,100	(2,156,762)
Payables and other credit balances		(349,651)	1,410,268
Net cash used in operating activities		(967,683)	(1,067,782)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(865,466)	(4,672,833)
Proceeds from sale of available for sale investments		1,027,600	4,525,107
Cash generated from disposal of subsidiaries		-	3,779,175
Paid for purchase of investments in associates		(447,560)	(6,637,475)
Proceeds from sale of investments in associates		600,264	2,669,110
Proceeds from sale of investment properties		213,260	346,652
Paid for purchase of investment properties		(24,804)	-
Paid for purchase of property and equipment		(132,412)	-
Net cash generated from investing activities		370,882	9,736
Net change in cash and cash equivalent		(596,801)	(1,058,046)
Cash and cash equivalent at the beginning of the period		2,528,812	2,982,621
Cash and cash equivalent at the end of the period	4	1,932,011	1,924,575

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 Public 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 head office is domiciled at Al-Soor Street - Al-Mirqab - 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 was authorized for issuance by the Board of Directors on 20 August 2014.

2. Basis of preparation and accounting policies

2.1 Fundamental Accounting Concepts

As stated in Note 10 of these consolidated financial statements, all Wakala payable are matured and there is a legal dispute with most of the parties to Wakala contracts concerning the amounts to be paid and the executive confiscation has been carried out on the company's assets that are mortgaged against such Wakala. The Company also defaulted to pay its obligations in favor of the creditors and there is a legal dispute with these parties.

During the prior year, the Company submitted an application to the Kuwaiti court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law" (the Law) and has submitted a restructuring plan (the Plan). The Head of Juridical Department has issued a judgment accepting the request for restructuring and the resultant cessation of the civil procedures of litigation and execution, the company request for ceasing the lawsuits and the execution current by this request are in progress as per the law, till the finalization the request of restructuring.

Under this law, and based on the instructions of Central Bank of Kuwait, an independent advisor is appointed to evaluate the company's assets, its financial solvency, the ability to work as a going concern and feasibility of the submitted plan. The advisory body submitted a final report including the restructure plan during current period, stating that the Company had assets to settle all liabilities along with a remaining portion from the Company's assets to its shareholders, and in general the settlement option will be the more effective to all parties. The final report including a revised plan for restructuring (the revised plan) has been submitted to the Central Bank of Kuwait, Central Bank of Kuwait submit a report of not acceptance to the Court of Appeal, a date of 11 September 2014 has been determined by the Court.

The company has prepared the consolidated financial statements based on the going concern basis which is dependent to that the restructuring procedures may lead to positive results.

Had the going concern basis not been used, adjustments would have been necessary to restate the recorded amounts of assets and liabilities to reflect the fact that the Company may be required to realize its assets and extinguish its liabilities, other than in the normal course of business, at amounts different from those stated in these consolidated financial statements.

2.2 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards as adapted in state of Kuwait for financial institutions subject to regulations of the Central Bank of Kuwait and Capital Market Authority.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 June 2014 are not necessarily indicative of results that may be expected for the year ending 31 December 2014. For further information, it is possible to refer to the consolidated financial statements and its related notes for to the year ended 31 December 2013.

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2013 except for the adoption of the new and amended IFRS that have become effective from 1 January 2014 and those which are applicable to the Group:

- *IAS 32 Offsetting Financial Assets and Financial Liabilities*
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*
- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

3. Fair value estimation

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

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market those are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2014	31 December 2013				
Fair value through income statement:						
Local quoted shares	1,008,721	1,418,961	Level 1	Bid price	-	-
Foreign quoted shares	306,920	-	Level 1	Bid price	-	-
Local Funds Units	1,143,056	1,076,065	Level 2	Quoted prices by Funds Manager	-	-
Local unquoted shares	285,960	285,960	Level 3	Discounted cash flows	Discount Rate: 8%	Increase of Discount Rate and decrease of fair value
Available for sale investments:						
Local quoted shares	3,896,976	6,680,096	Level 1	Bid price	-	-

The fair value of other financial assets and liabilities are approximately equivalent to its carrying amount as at the financial information date.

4. Cash at banks and financial institutions

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Bank current accounts	1,223,019	1,270,789	1,721,308
Cash at portfolios and Kuwait Clearing company	699,025	1,244,143	263,877
Cash on hand	9,967	13,880	11,058
	1,932,011	2,528,812	1,996,243
Less:			
Cash restricted for executive confiscation	-	-	(71,668)
Cash and cash equivalent for cash flows purpose	1,932,011	2,528,812	1,924,575

5. Investment in Islamic debt instruments

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Murabaha	475,000	475,000	475,000
Musharaka	13,225,509	13,225,509	13,225,509
	13,700,509	13,700,509	13,700,509
Impairment in value provision	(11,750,298)	(6,965,984)	(748,424)
	1,950,211	6,734,525	12,952,085

5.1 All Musharakat contracts are concluded with related parties. The Group does not calculate fixed returns on Musharakat contracts based on authorization by Fatwa and Sharia Board until the settlement of these contracts. All Musharaka receivables are due in 2014. During previous years, Murabaha receivable were due but has not been paid and for which a full provision has been made.

5.2 Following is a list of the current guarantees provided for the Group against Musharakat, part of the amount due from related parties by KD 2.6 Million, and contingent liabilities (notes 15,18) as at:

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Quoted shares in portfolios managed by the Group and other parties	5,174,479	8,564,655	12,133,261
Quoted shares as collaterals against wakala payable granted to the Group by a related party	1,694,238	2,804,256	3,972,696
External properties (unregistered mortgage)	8,076,537	8,076,537	-
	14,945,254	19,445,448	16,105,957

In addition to the acquaintance declaration appended in the executive form by all debtors.

5.3 The following are movement on provision for impairment of investments in Islamic debt instruments during the year:

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Opening balance	6,965,984	748,424	748,424
Charged	4,784,314	6,217,560	-
Closing balance	11,750,298	6,965,984	748,424

6. Investments at fair value through profit or loss

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Held for trading investments	1,315,641	1,418,961	1,143,644
Investments at fair value through profit or loss on acquisition	1,429,016	1,362,025	1,499,585
	2,744,657	2,780,986	2,643,229
Investments in local shares – quoted	1,008,721	1,418,961	1,143,644
Investments in foreign shares – quoted	306,920	-	-
Investments in local shares – unquoted	285,960	285,960	285,958
Investments in local funds – unquoted	1,143,056	1,076,065	1,213,627
	2,744,657	2,780,986	2,643,229

6.1 Investments have been valuated based on the valuation techniques as shown in note 3.

6.2 Certain investments at fair value through profit or loss amounted to KD 810,865 as at 30 June 2014 (KD 800,730 as at 31 December 2013) are pledged against payables from purchase of investments.

7. Investments properties

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Local real estate	8,493,893	8,710,000	6,833,809
Foreign real estate	23,367,493	23,306,582	22,442,949
	31,861,386	32,016,582	29,276,758

7.1 The fair value of investment properties as at 31 December 2013 has been determined by independent valuers.

7.2 A part of investment properties of KD 1,551,000 as at 30 June 2014 (KD 1,731,000 as at 31 December 2013) registered in related parties name and there is an assignment letter on benefit of the Group.

7.3 Investments properties include plot of land in one of the GCC with an amount of KD 5,576,658 as at 30 June 2014 has not been the transfer of ownership for the benefit of the Group of seller party, where the Group has not yet paid the remaining amount to the creditors of the purchase of investment properties of KD 1,203,451as at 30 June 2014. During current period the Group has signed an agreement to settle a wakala payable against transfer of this property to wakala creditors as well as afford the credit balance.

7.4 During prior years, a portion of the investment properties creditor was settled, and therefore ownership has been transferred to the Group, and currently working on the release of the mortgages, which was provided to the creditor parties, represent in the following: investment in an associate amounting to KD 872,013 as at 30 June 2014 (KD 1,074,733 as at 31 December 2013), as well as treasury shares with a cost of KD 1,230,344 as at 30 June 2014 (KD 1,230,344 as at 31 December 2013).

8. Investments in associates

	Ownership %	30 June 2014	Ownership %	31 December 2013 (Audited)	Ownership %	30 June 2013
Ekttitab Holding Co. K.S.C.H	20.95	5,575,740	21.80	6,352,200	28.68	8,863,507
Hits Telecom Co.	37.30	16,536,847	37.18	20,327,173	37.20	20,397,435
Sarh Capital Real Estate Company	48.91	16,054,219	48.91	16,054,219	35.12	11,062,929
		38,166,806		42,733,592		40,323,871

8.1 The Group has recorded its shares of the associates' result as per unaudited financial information as at 31 March 2014. During the period ended 30 June 2014, Group's share in associates' losses amounted to KD 2,195,870 (KD 256,704 during the period ended 30 June 2013).

8.2 Shares of Ektitab Holding Company and Hits Telecom Company are listed on Kuwait Stock Exchange. The fair value of the Group's investments in these two companies amounted to KD 3,271,172 and KD 11,661,366 respectively as at 30 June 2014 (KD 5,070,878 and KD 16,422,117 as at 31 December 2013).

8.3 A part of these investments in an associate of KD 590,303 as at 30 June 2014 (KD 680,759 as at 31 December 2013) are pledged against investment properties creditors.

9. Available for sale investments

Available for sale investments include investment in quoted shares of KD 3,896,976 as at 30 June 2014 (KD 6,680,096 as at 31 December 2013). Quoted investments were evaluated as mentioned in note 3.

Available for sale investments include unquoted investment of KD 1,118,669 as at 30 June 2014 and 31 December 2013 carried at cost less impairment as its fair value cannot reliably measured at the consolidated financial statements date.

10. Wakala payables

10.1 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 except for a creditor who is owed by KD 3,597,060 as at 30 June 2014, as there is currently a negotiation with this party. An executive confiscation has been made on the Company's pledged assets for Wakala payables.

10.2 During current period, the Group had signed a settlement agreement with one of the creditors party to settle Wakala payable of KD 10,089,630 against assignment of assets of investments in associate, available for sale investment, and investment properties (note 7.3) the agreement will be implemented on stages ending in 2015, agreement's are in progress during the subsequent period.

10.3 Wakala payables include an amount of KD 2,522,653 as at 30 June 2014 and 31 December 2013, and 30 June 2013 which represents Wakala granted by investment funds.

10.4 During the prior year, the Company submitted an application to the Kuwaiti court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law" (the Law) and has submitted a restructuring plan, and currently stopping the lawsuits according to the law (note 2) are in process.

10.5 The following assets are pledged against current Wakala payable:

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Investments in associates	9,580,610	11,660,485	11,772,499
Investments properties	7,907,892	7,944,000	-
Investments in subsidiaries	6,447,978	6,507,448	6,288,397
	23,936,480	26,111,933	18,060,896

In addition to the above, one of the related parties had pledged investment portfolio with a fair value of KD 309,460 as at 30 June 2014 (KD 424,626 as at 31 December 2013) in favor of Wakala creditors parties.

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 2013	490,500	(777,995)	365,417	7,904	85,826
Total comprehensive income/ (losses) 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)
Balance as at 1 January 2014	490,500	(844,887)	(2,698,073)	-	(3,052,460)
Total comprehensive (losses)/ income for the period	-	(2,138,566)	1,151,693	-	(986,873)
Balance as at 30 June 2014	490,500	(2,983,453)	(1,546,380)	-	(4,039,333)

12. Losses from investments

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Losses from sale of investments at fair value through profit or loss	187,795	-	177,445	9,086
Change in fair value of investments at fair value through profit or loss	215,983	287,213	204,618	737,520
Losses/ (gains) from sale of available for sale investments	115,759	27,428	491,512	(62,375)
Losses from impairment in value of available for sale investments	474,916	-	3,270,211	-
	994,453	314,641	4,143,786	684,231

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	
	2014	2013	2014	2013
Net loss for the period attributable to shareholders of the Company	(2,840,590)	(199,016)	(9,933,783)	(1,727,009)
Weighted average number of issued and outstanding shares during the period (share)	389,598,606	389,523,611	389,598,606	387,073,611
Loss per share (fils)	(7.29)	(0.51)	(25.50)	(4.46)

14. Investments in subsidiaries

Subsidiaries' management accounts have been used for consolidation purposes. The subsidiaries' assets amounted to KD 58,867,620 as at 30 June 2014 (KD 67,679,016 as at 31 December 2013, KD 60,962,967 as at 30 June 2013), and net losses KD 4,450,486 during the period ended 30 June 2014 (KD 604,425 for the period ended 30 June 2013).

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	
	2014	2013	2014	2013
Transactions				
Key and executive management remunerations	-	8,909	-	17,814
Disposal of investment in subsidiaries	-	4,129,234	-	4,129,234
Net provide provision and impairment in value	(3,821,386)	-	(3,821,386)	-

	30 June 2014	31 December 2013 (Audited)	30 June 2013
Financial position			
Investments in Islamic debt instruments (Total)	13,225,509	13,225,509	13,225,509
Receivables and other debit balances (Total)	7,121,344	7,764,598	6,795,763
Payables and other credit balances	1,454,410	1,310,912	531,340
Restricted cash against letter of guarantee in favor of related parties	563,190	563,190	516,088

- The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 5,885,802 as at 30 June 2014 (KD 9,694,690 as at 31 December 2013 and KD 21,581,903 as at 30 June 2013) and were recorded off-balance sheet items.
- The Group has provided a joint security against a Murabaha payable granted to a related party of KD 2,298,011 as at 30 June 2014. There are legal dispute with respect to those Murabaha has been sentenced in a foreign court in favor of the creditor, which has filed a lawsuit in Kuwaiti courts for execution of the judgment referred to above has been issued a final judgment to dismiss the case in Kuwait.
- Group's investment in an associates and investment at fair value through profit or loss of KD 6,592,702 and KD 665,824 as at 30 June 2014 (KD 7,810,481 and KD 668,052 as at 31 December 2013) respectively was pledged as guarantee against Murabaha payable granted to related party of KD 4,601,764. Wakala payables are matured and did not renew or paid. There is a legal dispute with the party about the amounts that must be paid out of the amount.

- Group's investments in the associates' investments at fair value through profit or loss of KD 2,999,833 and KD 108,684 as at 30 June 2014 respectively (KD 3,632,952 and KD 108,684 as at 31 December 2013) and treasury shares with cost of KD 1,430,275 (KD 1,430,275 as at 31 December 2013) has been pledged to a subsidiary disposed during the prior year.
- All related parties transactions are subject to the approval of the General Assembly of the shareholders.

16. Amortization of accumulated losses

On 11 June 2014, the General Assembly Meeting of the shareholders approved the financial statements for the year ended 31 December 2013, It also approved to amortize the accumulated losses amounted to KD 8,149,894 as of 31 December 2013 against share premium to become after amortize amounted to KD 4,584,998 as of 30 June 2014.

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 30 June is as follows:

	Real Estate		Investment finance		Total	
	2014	2013	2014	2013	2014	2013
Segment revenue	266,714	167,685	(6,328,779)	(863,365)	(6,062,065)	(695,680)
Segment results	266,714	167,685	(6,328,779)	(863,365)	(6,062,065)	(695,680)
Segment assets	34,788,191	34,269,080	47,877,319	67,215,564	82,665,510	101,484,644
Segment liabilities	2,028,355	2,440,668	49,900,987	56,136,895	51,929,342	58,577,563

	2014	2013
Total segment result	(6,062,065)	(695,680)
Other income	-	(96,715)
Other expenses	20,227	(8,210)
Net provide provisions and impairment	(2,873,306)	(903,812)
	(1,092,606)	(1,182,375)
Net loss before deductions	(10,007,750)	(2,886,792)
Total segment assets	82,665,510	101,484,644
Cash and cash equivalents	1,932,011	1,996,243
Receivables and other debit balances	8,886,053	10,510,632
Property and equipment	308,425	3,862,995
Total assets	93,791,999	117,854,514

18. Contingent liabilities

- There are legal disputes between the Group and certain portfolio clients in respect of liquidation of those parties' accounts amounting to KD 4,439,323. 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 with fair value of KD 1,229,627 (KD 1,482,676 as at 31 December 2013) that can be used to cover the judicial rulings outcome.
- Investment properties include a property was recorded in the name of the Company with carrying value of KD 3,060,000 as at the acquisition date. The Company was contracted to buy this property from a third party through a deal, some of its items has been cancelled. Subsequently, no final price has been determined for this property. The amount paid under the transaction account is amounted to KD 2,278,750 was used as a part of reconciliation the property's cost and the remaining amount has been valuated based on the property's fair value that was determined by an external valuator and was recorded in payables. The seller party has filed a case in order to assign an expert to liquidate the account; this case was rejected in the first degree of court. The seller party appealed the verdict and the case was transferred to experts.

- During the previous years, one of the parties has filed a lawsuit against the Group to demand the exercise of the re-sell option of shares in one of the foreign investments. A judgment of first instance has been issued in favor of that party obliging the Group to pay USD 10 million against giving the investments back to the Group. The Group has appealed against that judgment. The Appellate Court rejected the appeal and upheld the judgment of first instance. The Group filed an appeal before the Court of Cassation against such judgment, and a judgment was issued in favor of the opponent. A provision has been recorded against this obligation during prior years.

  The Group's management believes that there will be no impact on the results of the Group's accordingly.

19. 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 31,077,522 as at 30 June 2014 (KD 39,608,304 as at 31 December 2013 and KD 53,720,345 as at 30 June 2013).