

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2014
With Review Report

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

Review report of 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.S.C.P "the Company" and its subsidiaries ("the Group") as at 30 September 2014, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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 of a material 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, and of its executive regulations, or of the Memorandum and Articles of Association of the Company have occurred during the nine months period ended 30 September 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 nine months period ended 30 September 2014, that might have had a material effect on the business of the Company or on its financial position, except as mentioned in note (11.3) to this interim condensed consolidated financial information.

Talal Yousef Al-Muzaini
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Independent Member of B.K.R. International

Kuwait, 23 November 2014

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

Interim Condensed Consolidated Statement of Financial Position as of 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2014	31 December 2013 (Audited)	30 September 2013
Assets				
Cash at banks and financial institutions	4	1,756,918	2,528,812	2,304,950
Investments in Islamic debt instruments	5	-	6,734,525	10,952,085
Financial investments at fair value – statement of income	6	2,895,137	2,780,986	2,850,489
Receivables and other debit balances	7	11,011,093	11,358,030	15,136,587
Investment properties	8	26,413,662	32,016,582	29,451,686
Investments in associates	9	37,978,101	42,733,592	39,565,849
Available for sale investments	10	5,033,038	7,798,765	10,412,396
Property and equipment		296,930	181,597	3,691,846
Total assets		85,384,879	106,132,889	114,365,888
Liabilities and equity				
Liabilities				
Payables and other credit balances		10,728,380	13,477,752	12,602,589
Wakala payables	11	40,185,344	46,092,774	51,636,181
Staff end of service indemnity		139,380	130,132	121,015
Total liabilities		51,053,104	59,700,658	64,359,785
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	12,734,892
Treasury shares		(2,694,680)	(2,694,680)	(2,697,779)
Other reserves	12	(3,213,409)	(3,052,460)	(2,708,162)
Accumulated losses		(11,887,273)	(8,149,894)	(4,243,113)
Total equity attributable to shareholders of the Company		27,496,159	39,544,381	43,792,361
Non-controlling interests		6,835,616	6,887,850	6,213,742
Total equity		34,331,775	46,432,231	50,006,103
Total liabilities and equity		85,384,879	106,132,889	114,365,888

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.S.C.P
And its subsidiaries

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
Revenues					
Income from consulting services		35,247	28,227	93,711	88,158
Real estate income		130,845	90,488	397,559	258,173
Gains on sale of subsidiaries	8	394,357	-	394,357	40,502
Other income		12,299	73,515	32,526	65,305
		572,748	192,230	918,153	452,138
Expenses and other charges					
Losses/ (gains) from investments	13	66,998	(129,436)	4,210,784	554,795
(Gains)/ losses from investments in associates		(22,443)	311,462	2,221,014	591,029
Gross (gains)/ losses from oilfield and other service		-	(33,517)	-	63,198
General and administrative expenses		437,421	407,911	1,530,027	1,590,286
Net provide provisions and impairment in value		2,027,895	2,289,099	4,901,201	3,192,911
		2,509,871	2,845,519	12,863,026	5,992,219
Net loss for the period		(1,937,123)	(2,653,289)	(11,944,873)	(5,540,081)
Attributable to:					
Shareholders of the Company		(1,921,431)	(2,580,210)	(11,855,214)	(4,307,219)
Non-controlling interests		(15,692)	(73,079)	(89,659)	(1,232,862)
Net loss for the period		(1,937,123)	(2,653,289)	(11,944,873)	(5,540,081)
Loss per share (fils)	14	(4.93)	(6.62)	(30.43)	(11.10)

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

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2014	**2013**	**2014**	**2013**
Net loss for the period	**(1,937,123)**	**(2,653,289)**	**(11,944,873)**	**(5,540,081)**
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	(139,636)	55,294	(2,308,752)	125,858
Transferred to statement of income from sale of shares in an associate	(8,037)	-	22,513	-
	(147,673)	55,294	(2,286,239)	125,858
Available for sale investments				
Change in fair value	548,642	(1,117,542)	(1,915,944)	(2,991,351)
Transferred to statement of income from sale of investments	439,951	-	775,063	(82,251)
Transferred to statement of income from impairment in value	-	-	3,270,211	-
	988,593	(1,117,542)	2,129,330	(3,073,602)
Foreign currency translation differences				
Translation differences during the period	-	(99,559)	-	110,955
Transferred to statement of income from disposal of subsidiaries	-	-	-	(34,004)
	-	(99,559)	-	76,951
Total other comprehensive income items	840,920	(1,161,807)	(156,909)	(2,870,793)
Total comprehensive losses for the period	**(1,096,203)**	**(3,815,096)**	**(12,101,782)**	**(8,410,874)**
Attributable to:				
Shareholders of the Company	(1,095,507)	(3,681,244)	(12,016,163)	(7,101,207)
Non-controlling interests	(696)	(133,852)	(85,619)	(1,309,667)
	(1,096,203)	**(3,815,096)**	**(12,101,782)**	**(8,410,874)**

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

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

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Company							
	Share capital	Share premium	Treasury shares	Other reserves (Note 12)	Accumulated losses	Total equity attributable to the Company's shareholders	Non-controlling interests	Total equity
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	-	-	-	-	(4,307,219)	(4,307,219)	(1,232,862)	(5,540,081)
Total other comprehensive loss items	-	-	-	(2,793,988)	-	(2,793,988)	(76,805)	(2,870,793)
Amortization of accumulated losses	-	(14,668,790)	-	-	14,668,790	-	-	-
Effect of disposal of subsidiaries	-	-	262,714	-	(84,165)	178,549	(16,231,725)	(16,053,176)
Group's share from change in associate's equity	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Effect of changes in accumulated losses in associates	-	-	-	-	153,930	153,930	-	153,930
Balance as at 30 September 2013	**40,706,523**	**12,734,892**	**(2,697,779)**	**(2,708,162)**	**(4,243,113)**	**43,792,361**	**6,213,742**	**50,006,103**
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	-	-	-	-	(11,855,214)	(11,855,214)	(89,659)	(11,944,873)
Total other comprehensive loss items	-	-	-	(160,949)	-	(160,949)	4,040	(156,909)
Amortization of accumulated losses (note 17)	-	(8,149,894)	-	-	8,149,894	-	-	-
Group's share from change in associate's equity	-	-	-	-	(32,059)	(32,059)	-	(32,059)
Change in non-controlling interests	-	-	-	-	-	-	33,385	33,385
Balance as at 30 September 2014	**40,706,523**	**4,584,998**	**(2,694,680)**	**(3,213,409)**	**(11,887,273)**	**27,496,159**	**6,835,616**	**34,331,775**

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

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2014	2013
Cash flows from operating activities			
Net loss for the period		(11,944,873)	(5,540,081)
Adjustments:			
Losses from investments		4,210,784	554,795
Losses from investments in associates		2,221,014	591,029
Gains on sale of subsidiaries		(394,357)	(40,502)
Gain on sale of real estates		(31,894)	-
Net provisions provided and impairment in value		4,901,201	3,192,911
Depreciation and amortization		18,703	357,576
Staff end of service indemnity		9,248	(8,021)
Operating losses before changing in operation assets and liabilities		(1,010,174)	(892,293)
Financial investments at fair value – statement of income		(248,109)	507,819
Receivables and other debit balances		671,684	(3,093,210)
Payables and other credit balances		(556,563)	2,654,722
Net cash used in operating activities		(1,143,162)	(822,962)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(3,091,422)	(5,045,986)
Proceeds from sale of available for sale investments		3,591,031	4,635,221
Cash proceeds from disposal of subsidiaries		-	3,779,175
Paid for purchase of investments in associates		(540,512)	(6,840,975)
Proceeds from sale of investments in associates		756,691	3,374,464
Proceeds from sale of investment properties		253,780	171,724
Paid for purchase of investment properties		(195,624)	-
Paid for purchase of property and equipment		(134,036)	-
Net cash generated from investing activities		639,908	73,623
Cash flows from financing activities			
Paid for Wakala payables		(268,640)	-
Net cash used in financing activities		(268,640)	-
Net change in cash and cash equivalents		(771,894)	(749,339)
Cash and cash equivalents at the beginning of the period		2,528,812	2,982,621
Cash and cash equivalents at the end of the period	4	1,756,918	2,233,282

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 principal 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 meeting held on 23 November 2014.

2. Basis of preparation and accounting policies

2.1 Fundamental accounting concepts

As mentioned in note 11 to the interim condensed consolidated financial information, all Wakala payables 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 has been 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 (revised 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 has been submitted to the Central Bank of Kuwait, Central Bank of Kuwait submit a report of not acceptance to the Court of Appeal (Court). A date of 11 November 2014 has been determined by the Court to announce the rest of the prosecutors.

The company has prepared the interim condensed consolidated financial information 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 this interim condensed consolidated financial information.

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 September 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 September 2014	31 December 2013				
Fair value through income statement:						
Local quoted shares	1,094,044	1,418,961	Level 1	Bid price	-	-
Foreign quoted shares	329,008	-	Level 1	Bid price	-	-
Local Funds Units	1,186,125	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	3,914,369	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 September 2014	31 December 2013 (Audited)	30 September 2013
Current accounts at banks	944,541	1,270,789	1,741,743
Cash at portfolios and Kuwait Clearing company	793,845	1,244,143	543,469
Cash on hand	18,532	13,880	19,738
	1,756,918	2,528,812	2,304,950
Less:			
Cash restricted for executive confiscation	-	-	(71,668)
Cash and cash equivalents for statement of cash flows purpose	1,756,918	2,528,812	2,233,282

5. Investments in Islamic debt instruments

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Murabaha	475,000	475,000	475,000
Musharaka	11,007,949	13,225,509	13,225,509
	11,482,949	13,700,509	13,700,509
Impairment in value provision	(11,482,949)	(6,965,984)	(2,748,424)
	-	6,734,525	10,952,085

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

5.2 During the period, the Group reached to a settlement for Musharaka receivable from a related party for which provision for impairment was fully provided by KD 2,217,560 during the previous years and reclassified the balance and related provisions to due from related party. These balances are to be settled by the subscription in share capital increase specified for creditors of this party. The effect of this transaction has been eliminated from the statement of cash flows, as it is non-cash transaction.

5.3 Following is a list of the current guarantees provided for the Group against Musharaka contracts part of the amount due from related parties by KD 2.5 Million, and contingent liabilities (notes 16, 19) as follows:

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Quoted shares in portfolios managed by the Group and other parties	5,828,723	8,564,655	10,705,818
Quoted shares as collaterals against wakala payable granted to the Group by a related party	1,908,452	2,804,256	3,505,320
External properties (unregistered mortgage)	8,076,537	8,076,537	-
	15,813,712	19,445,448	14,211,138

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

5.4 The following is movement of provision for impairment in value of investments in Islamic debt instruments during the period/ year:

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Beginning balance of the period/ year	6,965,984	748,424	748,424
Provide	6,734,525	6,217,560	2,000,000
Transferred to receivables and other debit balances	(2,217,560)	-	-
Ending balance of the period/ year	11,482,949	6,965,984	2,748,424

6. Financial investments at fair value – statement of income

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Held for trading investments	1,423,052	1,418,961	1,355,049
Investments at fair value – statement of income on acquisition	1,472,085	1,362,025	1,495,440
	2,895,137	2,780,986	2,850,489
Investments in local shares – quoted	1,094,044	1,418,961	1,355,049
Investments in foreign shares – quoted	329,008	-	-
Investments in local shares – unquoted	285,960	285,960	285,958
Investments in local funds – unquoted	1,186,125	1,076,065	1,209,482
	2,895,137	2,780,986	2,850,489

6.1 Investments have been valuated as shown in note 3.

6.2 Certain financial investments at fair value – statement of income amounted to KD 861,544 as at 30 September 2014 (KD 800,730 as at 31 December 2013) are pledged against payables from purchase of investments.

7. Receivables and other debit balances

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Receivables from sale of properties	4,649,726	5,194,626	5,597,459
Deferred income	(375,797)	(375,797)	(436,736)
	4,273,929	4,818,829	5,160,723
Due from related parties (note 16)	8,843,471	7,764,598	6,983,491
Restricted cash against letter of credit	825,200	876,322	826,572
Accrued rents	491,210	491,210	491,210
Other debit balances	1,932,440	1,369,416	3,569,661
	16,366,250	15,320,375	17,031,657
Less: allowance for doubtful debts	(5,355,157)	(3,962,345)	(1,895,070)
	11,011,093	11,358,030	15,136,587

8. Investment properties

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Local real estate	8,622,827	8,710,000	6,871,809
Foreign real estate	17,790,835	23,306,582	22,579,877
	26,413,662	32,016,582	29,451,686

8.1 The fair value of investment properties has been determined by two independent evaluators as at 31 December 2013.

8.2 A part of investment properties amounting to KD 1,679,934 as at 30 September 2014 (KD 1,731,000 as at 31 December 2013) is registered in related parties name and there is an assignment letter in favor of the Group.

8.3 During the period, the Group has settled portion of certain wakala payable with amount of KD 4,767,564 against assignment of Al Madina Royalty W.L.L (Subsidiary), the assets of this subsidiary represented in investment properties amounting to KD 5,576,658 as of disposal date; and payables on purchase investment properties amounting to KD 1,203,451 as of disposal date. The resulted gains on sale to subsidiary amounted to KD 394,357 has been recognized in the consolidated statement of income for the current period. The effect of this transaction has been eliminated from the consolidated statement of cash flows, as it is non-cash transaction.

8.4 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, which is: investment in an associate amounting to KD 881,440 as at 30 September 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 September 2014 (KD 1,230,344 as at 31 December 2013).

9. Investments in associates

	Ownership %	30 September 2014	Ownership %	31 December 2013 (Audited)	Ownership %	30 September 2013
Ekttitab Holding Co. K.S.C.H	20.80	5,264,966	21.80	6,352,200	26.60	8,077,222
Hits Telecom Co.	37.18	16,658,916	37.18	20,327,173	37.20	20,425,698
Sarh Capital Real Estate Company K.S.C.C	48.91	16,054,219	48.91	16,054,219	35.12	11,062,929
		37,978,101		42,733,592		39,565,849

9.1 The Group has recorded its shares of results of Ektitab Holding Company and Hits Telecom Company as per unaudited financial information as at 30 June 2014. During the period ended 30 September 2014, Group's share of associates' losses amounted to KD 2,139,670 (KD 323,702 during the period ended 30 September 2013).

9.2 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 3,577,987 and KD 12,632,398 respectively as at 30 September 2014 (KD 5,070,878 and KD 16,422,117 as at 31 December 2013).

9.3 A portion of investments in associates amounted to KD 576,473 as at 30 September 2014 (KD 680,759 as at 31 December 2013) is pledged against investment properties creditors.

10. Available for sale investments

Available for sale investments include investments in quoted shares with an amount of KD 3,914,369 as at 30 September 2014 (KD 6,680,096 as at 31 December 2013). Quoted investments were valuated as mentioned in note 3.

Available for sale investments include unquoted investments with an amount of KD 1,118,669 as at 30 September 2014 and 31 December 2013 carried at cost less impairment in value as its fair value cannot reliably measured at the financial information date.

11. Wakala payables

11.1 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 with an amount of KD 3,597,060 as at 30 September 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.

11.2 During current period, the Group has signed a settlement agreement with one of the creditors to settle Wakala payable of KD 10,089,630 against assignment of assets of investments in associate, available for sale investments, and investment in subsidiary, certain items of the agreement have been executed against assets, accordingly, an amount of KD 5,267,563 was settled from Wakala, the remaining items of the agreement are in progress.

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

11.4 During the prior year, the Company submitted an application to the 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.

11.5 The following assets are pledged against outstanding Wakala payables:

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Investments in associates	9,620,531	11,660,485	11,766,960
Investment properties	8,036,826	7,944,000	-
Investments in subsidiaries	6,439,486	6,507,448	6,326,809
	24,096,843	26,111,933	18,093,769

In addition to the above, one of the related parties had pledged investment portfolio with a fair value of KD 344,952 as at 30 September 2014 (KD 426,626 as at 31 December 2013) in favor of Wakala creditors parties.

12. Other reserves

	Employee share options reserves	Group's share in associates reserves	Change in fair value reserve	Foreign currency translation reserve	Total
Balance as at 1 January 2013	490,500	(777,995)	365,417	7,904	85,826
Total comprehensive income/ (losses) for the period	-	125,858	(2,914,900)	(4,946)	(2,793,988)
Balance as at 30 September 2013	490,500	(652,137)	(2,549,483)	2,958	(2,708,162)
Balance as at 1 January 2014	490,500	(844,887)	(2,698,073)	-	(3,052,460)
Total comprehensive (losses)/ income for the period	-	(2,286,239)	2,125,290	-	(160,949)
Balance as at 30 September 2014	490,500	(3,131,126)	(572,783)	-	(3,213,409)

13. Losses/ (gains) from investments

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Losses from sale of investments at fair value – statement of income	7,170	14,822	184,615	23,908
Change in fair value of investments at fair value – statement of income	(255,275)	(173,738)	(50,657)	563,782
Losses/ (gains) from sale of available for sale investments	315,103	29,480	806,615	(32,895)
Losses from impairment in value of available for sale investments	-	-	3,270,211	-
	66,998	(129,436)	4,210,784	554,795

14. 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 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net loss for the period attributable to shareholders of the Company	(1,921,431)	(2,580,210)	(11,855,214)	(4,307,219)
Weighted average number of issued and outstanding shares during the period (share)	389,598,606	389,523,611	389,598,606	387,890,278
Loss per share (fils)	(4.93)	(6.62)	(30.43)	(11.10)

15. Investments in subsidiaries

- This interim condensed consolidated financial information includes the financial information of the Company and its Subsidiaries (referred together with "Group").
- For the consolidation purposes, financial information prepared by the subsidiaries managements was taken into consideration. The subsidiaries' total assets amounted to KD 62,544,867 as at 30 September 2014 (KD 67,679,016 as at 31 December 2013, KD 59,343,802 as at 30 September 2013), and its net losses KD 4,717,790 for the period ended 30 September 2014 (KD 1,116,931 for the period ended 30 September 2013).

16. Related parties' transactions

Related parties are 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 September 2014. The related parties significant transactions and outstanding balances were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Transactions				
Key and executive management remunerations	-	8,907	-	26,721
Disposal of investment in subsidiaries	-	-	-	4,129,234
Net provision provided and impairment in value	2,088,392	2,000,000	5,909,778	2,000,000

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Financial position			
Investments in Islamic debt instruments (Total)	11,007,949	13,225,509	10,952,085
Receivables and other debit balances (Total)	8,843,471	7,764,598	6,983,491
Payables and other credit balances	959,585	1,310,912	515,417
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 5,877,796 as at 30 September 2014 (KD 9,694,690 as at 31 December 2013 and KD 19,092,960 as at 30 September 2013) and were recorded off consolidated statement of financial position 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 September 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 investments in associates and financial investments at fair value – statement of income of KD 6,527,923 and KD 665,434 as at 30 September 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 pay. 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 and financial investments at fair value – statement of income of KD 3,004,494 and KD 108,684 as at 30 September 2014 respectively (KD 3,632,952 and KD 108,684 as at 31 December 2013) and treasury shares with a cost of KD 1,430,275 (KD 1,430,275 as at 31 December 2013) have 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.

17. 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 and also approved to amortize the accumulated losses amounted to KD 8,149,894 as at 31 December 2013 against share premium to become KD 4,584,998 after amortization as at 30 September 2014.

18. 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 nine months period ended 30 September is as follows:

	Real Estate		Investment finance		Total	
	2014	2013	2014	2013	2014	2013
Segment revenue	397,559	258,173	(5,943,730)	(1,017,164)	(5,546,171)	(758,991)
Segment results	397,559	258,173	(5,943,730)	(1,017,164)	(5,546,171)	(758,991)
Segment assets	29,203,794	34,112,409	45,906,276	63,780,819	75,110,070	97,893,228
Segment liabilities	972,573	2,440,668	50,080,540	56,135,375	51,053,113	58,576,043

	2014	2013
Total segment results	(5,546,171)	(758,991)
Total loss from oil filed and other services	-	(63,198)
Other income	32,526	65,305
Net provisions provided and impairment in value	(4,901,201)	(3,192,911)
General and administrative expenses	(1,530,027)	(1,590,286)
Net loss before deductions	(11,944,873)	(5,540,081)
Total segment assets	75,110,070	97,893,228
Cash and cash equivalents	1,756,918	2,304,950
Receivables and other debit balances	8,220,961	10,475,864
Property and equipment	296,930	3,691,846
Total assets	85,384,879	114,365,888

19. 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 1,281,474 as of 30 September 2014 (KD 1,482,670 as at 31 December 2013) that can be used to cover the judicial rulings outcome.
- Investment properties include a property 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. The court verdict to close the case till resolute relate to restructuring order.
- 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. During the current period, the Group has signed an agreement with this party to be settlement of the claim against assignment of similar assets in investments in associates, currently executing the agreement items during the subsequent period.

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

20. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the financial information of the Group. The net assets of these portfolios amounted to KD 32,686,364 as at 30 September 2014 (KD 39,608,304 as at 31 December 2013 and KD 36,680,574 as at 30 September 2013).