

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2015
With Review Report

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

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

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Al Madina for Finance and Investment Company – K.S.C.P
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.S.C.P "the Parent Company" and its subsidiaries ("the Group") as at 30 September 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The Parent 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).

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 Parent 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 its executive regulation or of the Articles and Memorandum of Association of the Parent Company, as amended, have occurred during the nine-month period ended 30 September 2015 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-month period ended 30 September 2015, that might have had a material effect on the business of the Parent Company or on its financial position, except as mentioned in note (11) of this interim condensed consolidated financial information in respect of Wakala payables granted from investment funds.

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

Kuwait, 17 November 2015

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

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2015	31 December 2014 (Audited)	30 September 2014
Assets				
Cash and cash equivalents	4	956,267	2,666,863	1,756,918
Financial investments at fair value through profit or loss	5	1,895,587	2,061,266	2,895,137
Receivables and other debit balances	6	4,371,973	9,808,225	11,011,093
Investment properties	7	5,497,000	27,857,525	26,413,662
Investments in associates	8	29,805,416	26,766,752	37,978,101
Goodwill		-	175,000	-
Available for sale investments	9	3,389,619	9,258,023	5,033,038
Property and equipment		270,842	238,334	296,930
Total assets		46,186,704	78,831,988	85,384,879
Liabilities and equity				
Liabilities				
Payables and other credit balances	10	6,472,011	7,512,474	10,728,380
Wakala payables	11	2,522,653	34,010,418	40,185,344
End of service indemnity		160,150	143,782	139,380
Total liabilities		9,154,814	41,666,674	51,053,104
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		4,584,998	4,584,998	4,584,998
Treasury shares	12	(2,694,680)	(2,694,680)	(2,694,680)
Other reserves	13	1,558,900	(1,155,737)	(3,213,409)
Accumulated losses		(16,601,642)	(13,979,090)	(11,887,273)
Total equity attributable to shareholders of the Parent Company		27,554,099	27,462,014	27,496,159
Non-controlling interests		9,477,791	9,703,300	6,835,616
Total equity		37,031,890	37,165,314	34,331,775
Total liabilities and equity		46,186,704	78,831,988	85,384,879

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

Mohammad Darwesh Al-Shamali
Chairman

A. R. Tawfeeq

Abdulra'ouf Tawfeeq
Vice Chairman

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2015 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
Revenues					
Income from consulting services		34,014	35,247	134,911	93,711
Income from settlement of payables	10 & 11	7,593,791	-	8,123,561	-
(Losses)/ gains from investments	14	(143,315)	(66,998)	3,101,703	(940,573)
Real estate (losses)/ gains	15	(941,367)	130,845	(731,777)	397,559
Other income		34,053	406,656	67,617	426,883
		6,577,176	505,750	10,696,015	(22,420)
Expenses and other charges					
Losses/ (gains) from investments in associates		24,082	(22,443)	1,273,440	2,221,014
General and administrative expenses		615,450	437,421	1,867,723	1,530,027
Net provide of provisions and impairment in value		3,630,624	2,027,895	6,771,537	8,171,412
		4,270,156	2,442,873	9,912,700	11,922,453
Net profit/ (loss) for the period		2,307,020	(1,937,123)	783,315	(11,944,873)
Attributable to:					
Shareholders of the Parent Company		2,354,356	(1,921,431)	1,008,824	(11,855,214)
Non-controlling interests		(47,336)	(15,692)	(225,509)	(89,659)
Net profit/ (loss) for the period		2,307,020	(1,937,123)	783,315	(11,944,873)
Earnings/ (loss) per share (fils)	16	6.04	(4.93)	2.59	(30.43)

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2015	**2014**	**2015**	**2014**
Net profit/ (loss) for the period	2,307,020	(1,937,123)	783,315	(11,944,873)
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	92,439	(139,636)	3,000,902	(2,308,752)
Transferred to statement of income from sale of shares in associates	-	(8,037)	(286,265)	22,513
	92,439	(147,673)	2,714,637	(2,286,239)
Available for sale investments				
Change in fair value	(16,231)	548,642	(440,589)	(1,915,944)
Transferred to statement of income from sale of investments	17,889	439,951	221,289	775,063
Transferred to statement of income from impairment in value	219,300	-	219,300	3,270,211
	220,958	988,593	-	2,129,330
Total other comprehensive income items	313,397	840,920	2,714,637	(156,909)
Total comprehensive income/ (loss) for the period	2,620,417	(1,096,203)	3,497,952	(12,101,782)
Attributable to:				
Shareholders of the Parent Company	2,666,095	(1,095,507)	3,723,461	(12,016,163)
Non-controlling interests	(45,678)	(696)	(225,509)	(85,619)
	2,620,417	(1,096,203)	3,497,952	(12,101,782)

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

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

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company							
	Share capital	Share premium	Treasury shares	Other reserves (Note 13)	Accumulated losses	Total	Non-controlling interests	Total equity
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 losses items	-	-	-	(160,949)	-	(160,949)	4,040	(156,909)
Amortization of accumulated losses	-	(8,149,894)	-	-	8,149,894	-	-	-
Group's share from change in associate 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
Balance as at 1 January 2015	40,706,523	4,584,998	(2,694,680)	(1,155,737)	(13,979,090)	27,462,014	9,703,300	37,165,314
Net profit for the period	-	-	-	-	1,008,824	1,008,824	(225,509)	783,315
Total other comprehensive income items	-	-	-	2,714,637	-	2,714,637	-	2,714,637
Group's share from change in associates equity	-	-	-	-	(3,601,678)	(3,601,678)	-	(3,601,678)
Loss from sale treasury shares	-	-	-	-	(29,698)	(29,698)	-	(29,698)
Balance as at 30 September 2015	40,706,523	4,584,998	(2,694,680)	1,558,900	(16,601,642)	27,554,099	9,477,791	37,031,890

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 2015 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2015	2014
Cash flows from operating activities			
Net profit/ (loss) for the period		783,315	(11,944,873)
Adjustments:			
(Gains)/ losses from investments		(3,101,703)	4,210,784
Income from settlement of payables		(8,123,561)	-
Losses from investments in associates		1,273,440	2,221,014
Gains on sale of subsidiaries		(2,408)	(394,357)
Losses/ (gains) of real estate		1,087,650	(31,894)
Net provide of provisions and impairment in value		6,771,537	4,901,201
Depreciation and amortization		20,396	18,703
End of service indemnity		16,368	9,248
Operating losses before changing in operation assets and liabilities		(1,274,966)	(1,010,174)
Financial investments at fair value through profit or loss		(76,710)	(248,109)
Receivables and other debit balances		(1,994,336)	671,684
Payables and other credit balances		(2,343,969)	(556,563)
Net cash used in operating activities		(5,689,981)	(1,143,162)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(12,928,396)	(3,091,422)
Dividends received		2,721	-
Proceeds from sale of available for sale investments		13,735,752	3,591,031
Cash proceeds from disposal of subsidiaries		(4,102)	-
Paid for purchase of investments in associates		(13,042)	(540,512)
Proceeds from sale of investments in associates		45,400	756,691
Proceeds from sale of investment properties		3,213,654	253,780
Paid for purchase of investment properties		-	(195,624)
Paid for purchase of property and equipment		(42,904)	(134,036)
Net cash generated from investing activities		4,009,083	639,908
Cash flows from financing activities			
Paid for Wakala payables		-	(268,640)
Sale of treasury shares		322,258	-
Purchase of treasury shares		(351,956)	-
Net cash used in financing activities		(29,698)	(268,640)
Net decrease in cash and cash equivalents		(1,710,596)	(771,894)
Cash and cash equivalents at the beginning of the period		2,666,863	2,528,812
Cash and cash equivalents at the end of the period	4	956,267	1,756,918

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 Parent 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 Parent Company's head office is domiciled at Al-Soor Street - Al-Mirqab - Kuwait.

The principle activities of the Parent Company 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 Parent Company are carried out in accordance with Noble Islamic Sharia principles.

The Extra-ordinary General Assembly of the Parent Company was held during the period and approved the amendment of the Articles of Association of the Parent Company in accordance with Companies' Law requirements, and registered this effect in the commercial register.

The General Assembly of the Shareholders held on 31 May 2015 and approved the financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial information was approved for issuance by the Board of Directors on 17 November 2015.

2. Basis of preparation and accounting policies

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 2015 are not necessarily indicative of results that maybe expected for the year ending 31 December 2015. For further information, it is possible to refer to the consolidated financial statements and its related notes for to the year ended 31 December 2014.

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 2014, except for the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group.

New and revised IFRSs issued and effective

In the current period, the Group has applied a number of new and revised IFRSs that are issued and effective.

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

New and revised IFRSs in issue but not yet effective

For annual periods beginning on or after 1 January 2016

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to IAS 16 & IAS 38 *Clarification of Acceptable Methods of Depreciation & Amortisation*

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

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

Effective for annual periods beginning on or after 1 January 2018

IFRS 9 *Financial Instruments*

The directors of the Parent Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

IFRS 15 *Revenue from Contracts with Customers*

The directors of the Parent Company anticipate that the application of these IFRS 15 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

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 2015	31 December 2014 (Audited)	30 September 2014				
Financial investments at fair value through profit or loss:							
Local quoted shares	585,012	756,597	1,094,044	Level 1	Last bid price	-	-
Foreign quoted shares	-	-	329,008	Level 1	Last bid price	-	-
Local funds unquoted	1,024,615	1,018,709	1,186,125	Level 2	Quoted prices by Funds Manager	-	-
Local unquoted shares	285,960	285,960	285,960	Level 3	Discounted cash flows	Discount Rate: 8%	The higher the discount rate, the lower the fair value.
Available for sale investments:							
Local quoted shares	3,389,619	1,582,563	3,914,369	Level 1	Last bid price	-	-

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

4. Cash and cash equivalents

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Current accounts at banks	467,285	1,037,605	944,541
Cash at portfolios and Kuwait Clearing company	478,713	1,624,572	793,845
Cash on hand	10,269	4,686	18,532
	956,267	2,666,863	1,756,918

5. Financial investments at fair value through profit or loss

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Held for trading investments	585,012	756,597	1,423,052
Investments at fair value through profit or loss on acquisition	1,310,575	1,304,669	1,472,085
	1,895,587	2,061,266	2,895,137
Investments in local shares – quoted	585,012	756,597	1,094,044
Investments in foreign shares – quoted	-	-	329,008
Investments in local shares – unquoted	285,960	285,960	285,960
Investments in local funds – unquoted	1,024,615	1,018,709	1,186,125
	1,895,587	2,061,266	2,895,137

5.1 Investments have been valuated as shown in note 3.

5.2 Certain investments at fair value through profit or loss amounted to KD 415,568 as at 30 September 2015 (KD 598,013 as at 31 December 2014, KD 861,544 as at 30 September 2014) are pledged against payables from purchase of investments.

6. Receivables and other debit balances

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Receivables from sale of properties	3,493,062	3,970,476	4,649,726
Deferred income	(253,422)	(253,422)	(375,797)
	3,239,640	3,717,054	4,273,929
Due from related parties (note 18)	181,586	1,747,757	8,843,471
Restricted cash against letter of credit	850,201	825,200	825,200
Accrued income	180,168	655,904	-
Accrued rents	491,210	491,210	491,210
Settlement receivables (note 11.3)	-	2,775,379	-
Other debit balances	1,160,964	1,327,517	1,932,440
	6,103,769	11,540,021	16,366,250
Less: provision for doubtful debts	(1,731,796)	(1,731,796)	(5,355,157)
	4,371,973	9,808,225	11,011,093

7. Investment properties

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Local real estate	5,497,000	8,973,000	8,622,827
Foreign real estate	-	18,884,525	17,790,835
	5,497,000	27,857,525	26,413,662

7.1 The fair value of investment properties has been determined by independent valuers as at 31 December 2014.

7.2 A part of investment properties of KD 1,435,000 as at 30 September 2015 registered in related parties' name and there is an assignment letter in favor of the Group.

8. Investments in associates

	Ownership %	30 September 2015	Ownership %	31 December 2014 (Audited)	Ownership %	30 September 2014
Ekttitab Holding Co. K.S.C.P.	16.31	3,095,885	16.48	3,203,660	20.80	5,264,966
Hits Telecom Co. K.S.C.P.	29.22	12,342,595	29.22	11,944,817	37.18	16,658,916
Sarh Capital Real Estate Company K.S.C.C.	42.05	14,366,936	33.80	11,618,275	48.91	16,054,219
		29,805,416		26,766,752		37,978,101

8.1 The Group has recorded its shares of the associates' results based on unaudited financial information for the period ended 30 June 2015, except Sarh Capital Real Estate Company which based on the financial information prepared by the management of the Company.

8.2 A part of these investments in associates of KD 429,826 as at 30 September 2015 (KD 429,637 as at 31 December 2014, KD 576,473 as at 30 September 2014) is pledged against investment properties creditors.

8.3 During the period, the Group acquired additional share of 8.25% from Sarh Capital Real Estate K.S.C.C by KD 2,748,661 against settlement of related parties with the same amount, this transaction was eliminated from interim condensed consolidated statement of cash flows as it is non cash transaction.

8.4 Investments in associates include a goodwill of KD 427,047 as at 30 September 2015 (KD 413,015 - 31 December 2014, KD 612,992 as at 30 September 2014).

9. Available for sale investments

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Local investments – quoted	3,389,619	1,582,563	3,914,369
Local investments – unquoted	-	743,669	1,118,669
Foreign investments – quoted	-	6,931,791	-
	3,389,619	9,258,023	5,033,038

9.1 Investments were valuated as mentioned in note 3.

9.2 During the current period, the Group has fully recorded impairment in value of local unquoted investments based on management' estimations.

10. Payables and other credit balances

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Trade payables	79,531	48,900	148,822
Due to contractors	279,730	90,930	42,501
Investment properties purchase payables	781,250	781,250	781,250
Investments purchase payables	-	3,977,707	3,977,707
Provision for claims	1,990,000	437,904	3,257,766
Due to related parties (note 18)	1,759,578	734,917	959,585
Dividends payables	322,613	322,613	322,613
Accrued expenses	229,367	47,469	46,240
Tax deductions	767,267	790,411	773,773
Other credit balances	262,675	280,373	418,123
	6,472,011	7,512,474	10,728,380

During the period, the Group had signed a settlement agreement to settle the amount due to purchase investments of KD 3,977,707 as follows:

- Sale one of the foreign real estate by KD 2,800,000 to this creditor resulted on loss of sale of investment properties by KD 1,112,650 has been recorded in the statement of income for the current period.
- Payment of KD 2,650,000 to this creditor party as a final settlement of full debt balance, therefore, write-off the remaining balance of KD 1,327,707 and recognize it as settlement of credit balances income in the statement of income for the current period.

The Group received a clearance from that party and currently they are in process to waive of the lawsuits and clear the mortgages and confiscation restrictions on assets.

11. Wakala payables

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Wakala payables from local banks and foreign parties	-	31,487,765	37,662,691
Wakala payables from investment funds	2,522,653	2,522,653	2,522,653
	2,522,653	34,010,418	40,185,344

11.1 All Wakala payables were matured as at 30 September 2015 and 31 December 2014, but have not been renewed, or paid. The Group had ceased to record the finance cost thereon. There is a legal disputes with all parties of the Wakala contracts on the amounts that should be paid. An executive confiscation has been made on the Parent Company's pledged assets for these Wakala payables.

11.2 During the previous years, the Parent Company submitted an application to the competent 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 general counsel head of department a judgment accepting the request for restructuring and the resultant cessation of the civil procedures of litigation and execution.

11.3 During the previous year, the Group had settled Wakala payables of KD 12,082,356 against assets, and also had signed a settlement agreement to settle the remaining balance of one of the local bank of KD 4,800,000 against payment of KD 3 million in cash and the Group has obtained a clearance from this bank and has recognized a net settlement profit of KD 529,770 in interim condensed consolidated statement of income for the current period and currently are in process to clear the confiscation and the mortgage on Group's assets.

During the current period, the Group had signed a settlement agreement with one of the main creditors' parties to settled Wakala payables approximately KD 26.7 million in addition to settle Wakala payable due from one of related parties of KD 1.5 million against transferring of investment properties of approximately KD 22 million. The Group had transferred all investment properties in favor of the creditors' party. The Group has obtained a clearance from this creditor, therefore, Wakala payables has been the settled, and a settlement's profit of approximately KD 6.2 million has been recognized in the statement of income for the current period. Currently they are in process of clearing the mortgages by the creditor party as well as the settlement of outstanding claims. This transaction was eliminated from the statement of cash flows as it is non-cash transaction.

11.4 The following assets are pledged against current Wakala payables:

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Investments in associates	5,778,729	5,635,566	9,620,531
Investment properties	4,877,000	8,133,000	8,036,826
Investments in subsidiaries	-	-	6,439,486
	10,655,729	13,768,566	24,096,843

12. Treasury shares

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Number of shares	17,466,619	17,466,619	17,466,619
Percentage (%)	4.3	4.3	4.3
Market value	943,197	506,532	681,198

The Parent Company is required to retain reserves, retained earnings and share premium equivalent to the value of treasury shares throughout the period, as long as they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities. Treasury shares includes 17,300,000 pledged shares.

13. Other reserves

	Employee stock options reserves	Group's share in associates' reserves	Change in fair value reserve	Total
Balance as at 1 January 2014	490,500	(844,887)	(2,698,073)	(3,052,460)
Total comprehensive (loss)/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)
Balance as at 1 January 2015	490,500	(1,646,237)	-	(1,155,737)
Total comprehensive income for the period	-	2,714,637	-	2,714,637
Balance as at 30 September 2015	490,500	1,068,400	-	1,558,900

14. (Losses)/ gains from investments

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Losses on sale of financial investments at fair value through profit or loss	(3,694)	(7,170)	(23,820)	(184,615)
Change in fair value of financial investments at fair value through profit or loss	(114,139)	255,275	(218,569)	50,657
(Losses) / gains from sale of available for sale investments	(28,203)	(315,103)	3,341,371	(806,615)
Dividend income	2,721	-	2,721	-
	(143,315)	(66,998)	3,101,703	(940,573)

15. Real estate (losses)/ gains

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Rents from investment properties	173,283	132,211	355,873	365,665
(losses)/ gains from sale of investment properties	(1,114,650)	(1,366)	(1,087,650)	31,894
	(941,367)	130,845	(731,777)	397,559

16. Earnings / (losses) per share

Earnings / (losses) per share is calculated by dividing net profit/ (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	
	2015	2014	2015	2014
Net profit / (loss) for the period attributable to shareholders of the Parent Company	2,354,356	(1,921,431)	1,008,824	(11,855,214)
Weighted average number of issued and outstanding shares during the period	389,598,606	389,598,606	389,598,606	389,598,606
Earnings / (loss) per share (fils)	6.04	(4.93)	2.59	(30.43)

17. Investments in subsidiaries

The interim condensed consolidated financial information include the financial information of the Parent Company and its following subsidiaries (referred together as "Group"):

Company name	Legal form	Country of incorporation	Activity	Ownership (%)		
				30 September 2015	31 December 2014 (Audited)	30 September 2014
Al Madina Royalty Company	W.L.L.C	Cayman Island	Real estate	-	-	100
Real Capita and its Subsidiaries	W.L.L.C	Kuwait	General trading	99	99	99
Rehab Al Madina Company	B.S.C	Bahrain	Real estate	-	100	100
Murgan One Company	W.L.L.	Cayman Island	Real estate	100	-	-

- Financial information prepared by the management of the subsidiaries had been used for consolidation purposes. The total assets of the subsidiaries amounted to KD 28,224,220 as at 30 September 2015 (KD 55,979,815 as at 31 December 2014, KD 62,544,867 as at 30 September 2014), and its net losses KD 5,678,594 for the period ended 30 September 2015 (KD 4,717,790 for the period ended 30 September 2014).
- During the current period, the Group had sold its investments in Rehab Al Madina Company (B.S.C) to a related party, resulted from this gain of KD 2,408 had been recognized in interim condensed consolidated statement of income for the current period, the effect of this transaction has been eliminated from the interim condensed consolidated statement of cash flows as it is non-cash transaction.
- During the current period, the Group has acquired 99% of Al-Qalam Economic for Publishing, Distribution, and Advertising Company (W.L.L) from related parties against settlement of the due from those parties. This Company has no significant assets or liabilities.
- During the current period, the Parent Company has signed an agreement to wholly acquire Murgan One Company. The procedures for transferring the ownership are still in progress during the subsequent period. Irrevocable power of attorney has been concluded in favor of the Parent Company. The Parent Company has started to control over the subsidiary during the current period. Therefore, it has been consolidated from the date of control. The acquired assets and liabilities are recognized at the carrying value as at the acquisition date, until its fair value to be determined. The cost of acquisition is equivalent to the carrying value of the acquired assets. The following is a statement of the net acquired assets:

	KD
Investment properties	3,912,650
Current account of the owner	(4,231,102)
Net acquired assets:	(318,452)
Add: owner's current account waived to the Parent Company	4,231,102
	3,912,650
Less: settlement against receivable musharaka	(1,057,737)
Less: settlement against due from related parties	(2,252,865)
Recognition of credit balance due to a seller	602,048

The effect of this transaction has been eliminated from the interim condensed consolidated statement of cash flows as it is non-cash transaction.

18. 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 September. The related parties significant transactions and outstanding balances are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Interim condensed consolidated statement of income:				
Key and executive management remunerations	22,407	-	41,441	-
Acquisition of investments in associates	2,748,661	-	2,748,661	-
Acquisition of investments in subsidiaries	108,225	-	4,020,875	-
Gains on disposal of subsidiary	-	-	2,408	-
Net provide of provisions and impairment in value	-	2,088,392	1,057,737	5,909,778

	30 September 2015	31 December 2014 (Audited)	30 September 2014
Interim condensed consolidated statement of financial position :			
Investments in Islamic debt instruments (total)	-	1,057,737	11,007,949
Receivables and other debit balances (note 6)	181,586	1,747,757	8,843,471
Payables and other credit balances (note 10)	1,759,578	734,917	959,585
Restricted cash against letter of guarantee in favor of related parties	563,190	563,190	563,190

- The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 1,206,645 as at 30 September 2015 (KD 3,664,755 as at 31 December 2014 and KD 5,877,796 as at 30 September 2014) 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 2,470,665 as at 30 September 2015 (KD 2,457,534 as at 31 December 2014 and KD 2,298,011 as at 30 September 2014). There are legal disputes with respect to those Murabaha and there is a court judgment in a Foreign Court in favor of the creditor, who has filed a new lawsuit in Kuwaiti Courts and has been determined to be on 27 December 2015 for the receipt of the Experts' Report.
- Group's investments in associates, financial investments at fair value through profit or loss of KD 2,229,017 and KD 108,684 as at 30 September 2015 respectively (KD 2,175,952 and KD 108,684 as at 31 December 2014, KD 3,004,494 and KD 108,684 as at 30 September 2014) and treasury shares with cost of KD 1,434,767 (KD 1,434,767 as at 31 December 2014 and KD 1,430,275 as at 30 September 2014) has been pledged to a subsidiary disposed during the prior years.
- Group's investments in associates and financial investments at fair value through profit or loss of KD 4,853,923 and KD 513,952 as at 30 September 2015 respectively (KD 4,789,476 and 529,614 as at 31 December 2014 and KD 6,527,923 and KD 665,434 as at 30 September 2014) was pledged as guarantee against Wakala payables granted to related party with amount of KD 4.8 Million, these Wakala payables are matured and have not been renewed or paid, there is legal dispute between Wakala payables creditors and the related party regarding the amount which should be paid from the principle and during the subsequent period, a settlement agreement has been signed with amount of KD 2.4 Million to settle the total debt and liability and cease the disputes and lawsuits between them, and currently implementing the terms of the agreement. The Group obtained guarantees represented in unregistered Mortgage on a property from this related party with an amount of KD 4.4 Million against this liability in addition to existence of credit balance due to same related party in books of the Parent Company with KD 452,048 as at 30 September 2015, therefore the Group believes there is no need to make provisions for this purpose.
- All related parties transactions are subject to the approval of the General Assembly of the shareholders.

19. 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		Total	
	2015	2014	2015	2014	2015	2014
Segment revenue	(731,777)	397,559	1,963,174	(2,673,519)	1,231,397	(2,275,960)
Segment results	(731,777)	397,559	1,963,174	(2,673,519)	1,231,397	(2,275,960)
Segment assets	7,613,652	29,203,794	35,090,622	45,906,276	42,704,274	75,110,070
Segment liabilities	1,140,511	972,573	8,014,303	50,080,540	9,154,814	51,053,113

	2015	2014
Total segment results	1,231,397	(2,275,960)
Other income	67,617	32,526
Income from settlement of payables	8,123,561	-
Net provided of provisions and impairment in value	(6,771,537)	(8,171,412)
General and administrative expense	(1,867,723)	(1,530,027)
Net profit / (loss) before deductions	783,315	(11,944,873)
Total segment assets	42,704,274	75,110,070
Cash and cash equivalents	956,267	1,756,918
Receivables and other debit balances	2,255,321	8,220,961
Property and equipment	270,842	296,930
Total assets	46,186,704	85,384,879

20. Contingent liabilities

There are legal disputes between the Group and certain portfolios clients in respect of liquidation of those parties' accounts amounting to KD 5,393,001. The Group's management believes that there is no need to provide provisions for this purpose, as there are assets not included in the interim condensed consolidated financial information pledged by certain third parties in favor of the Group with amount of KD1,692,642 as at 30 September 2015 (KD 3,360,670 as at 31 December 2014, KD 1,281,474 as at 30 September 2014), 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, and the Group has provided a precautionary provision to cover financial obligations that may be a raised from these financial claims.

One creditor from purchase of real estate creditors has filed lawsuits, these lawsuits have been rejected in the first degree court. The selling party appealed the verdict and the case was transferred to experts department. The court verdict to close the case till resolution reached on stability law.

21. 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 21,007,201 as at 30 September 2015 (KD 28,599,455 as at 31 December 2014 and KD 32,686,364 as at 30 September 2014).