

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 three months ended 31 March 2015
With Review Report

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 three months ended 31 March 2015
With Review Report

Contents

	Page
Review Report of Interim Condensed Consolidated Financial Information	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	6 - 14

Deloitte.
Deloitte & Touche
Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait
Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

AL-ATEEQI
CERTIFIED ACCOUNTANTS
P.O. Box : 636, Safat - 13007 Kuwait
Tel : + 965 - 22412880 / 22410885
Fax: + 965 - 22454248
Ali Al-Salem Str., Thuwaini Bldg. 3rd Flr.
E-Mail: alateeqi@ateeqicpas.com
Website: www.ateeqicpas.com

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 31 March 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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).

Emphasis of Matter

We refer to note (11) of this interim condensed consolidated financial information regarding the Wakala payables that not paid and also the outstanding lawsuits between the Group and other creditors, an executive confiscation has been placed on the Parent Company's pledged assets. 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" and also the Parent Company had settled certain Wakala payables during the previous year and also signed an agreement to settle Wakala payables of one of the major creditors during the subsequent period. Our conclusion is not qualified in respect of above mentioned matters.

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 three-month period ended 31 March 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 three months period ended 31 March 2015, that might have had a material effect on the business of the Parent Company or on its financial position, except as disclosed in note (11) to this interim condensed consolidated financial information regarding Wakala payable obtained from investment funds.

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

Barrak Abdul Mohsen Al-Ateeqi
Licence No. 69A
Independent Member of B.K.R. International

Kuwait, 4 June 2015

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

Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	31 March 2015	31 December 2014 (Audited)	31 March 2014
Assets				
Cash at banks and financial institutions	4	348,544	2,666,863	2,342,622
Investments in Islamic debt instruments		-	-	4,734,525
Financial investments at fair value - profit or loss	5	2,249,629	2,061,266	2,805,422
Receivables and other debit balances	6	11,784,406	9,808,225	11,441,000
Investments properties	7	5,932,000	27,857,525	32,016,582
Investments in associates	8	26,737,182	26,766,752	38,447,896
Goodwill		175,000	175,000	-
Available for sale investments	9	5,015,605	9,258,023	5,762,371
Property and equipment		237,387	238,334	182,621
Assets held for sale	10	21,925,525	-	-
Total assets		74,405,278	78,831,988	97,733,039
Liabilities and equity				
Liabilities				
Payables and other credit balances		7,427,781	7,512,474	13,282,081
Wakala payables	11	34,010,418	34,010,418	45,660,281
Staff end of service indemnity		152,744	143,782	120,850
Total liabilities		41,590,943	41,666,674	59,063,212
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	12,734,892
Treasury shares		(2,694,680)	(2,694,680)	(2,694,680)
Other reserves	12	420,688	(1,155,737)	(3,666,850)
Accumulated losses		(19,731,135)	(13,979,090)	(15,275,173)
Total equity attributable to shareholders of the Parent Company		23,286,394	27,462,014	31,804,712
Non-controlling interests		9,527,941	9,703,300	6,865,115
Total equity		32,814,335	37,165,314	38,669,827
Total liabilities and equity		74,405,278	78,831,988	97,733,039

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 Company – K.S.C.P
And its subsidiaries

Interim Condensed Consolidated Statement of Income
For the three months ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2015	2014
Revenues			
Consultancy services income		46,474	21,296
Gains / (losses) from investments	13	3,646,615	(354,038)
Gain on sale of a subsidiary	15	2,408	-
Real estate income		82,610	118,050
Other income		16,817	9,588
		3,794,924	(205,104)
Expenses and other charges			
Losses from investments in associates		1,400,705	2,201,102
Other expenses		573,071	827,320
Net provide of provisions and impairment in value		4,060,114	3,906,835
		6,033,890	6,935,257
Net loss for the period		(2,238,966)	(7,140,361)
Attributable to:			
Shareholders of the Parent Company		(2,074,365)	(7,093,193)
Non-controlling interests		(164,601)	(47,168)
		(2,238,966)	(7,140,361)
Loss per share (fils)	14	(5.32)	(18.21)

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 Comprehensive Income
For the three months ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 31 March	
	2015	**2014**
Net loss for the period	(2,238,966)	(7,140,361)
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	2,499,796	(1,873,637)
Transferred to statement of income from sale of the shares in associates	-	9,231
	2,499,796	(1,864,406)
Available for sale investments		
Change in fair value	(934,129)	(1,843,650)
Transferred to statement of income from sale of investments	-	289,419
Transferred to statement of income from impairment in value	-	2,795,295
	(934,129)	1,241,064
Total other comprehensive income / (loss) items	1,565,667	(623,342)
Total comprehensive loss for the period	(673,299)	(7,763,703)
Attributable to:		
Shareholders of the Parent Company	(497,940)	(7,707,583)
Non-controlling interests	(175,359)	(56,120)
	(673,299)	(7,763,703)

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 three months ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves (note 12)	Accumulated losses	Total		
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	-	-	-	-	(7,093,193)	(7,093,193)	(47,168)	(7,140,361)
Total other comprehensive loss items	-	-	-	(614,390)	-	(614,390)	(8,952)	(623,342)
Group's share from changes in associate's equity	-	-	-	-	(32,086)	(32,086)	-	(32,086)
Change in non-controlling interests	-	-	-	-	-	-	33,385	33,385
Balance as at 31 March 2014	40,706,523	12,734,892	(2,694,680)	(3,666,850)	(15,275,173)	31,804,712	6,865,115	38,669,827
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 loss for the period	-	-	-	-	(2,074,365)	(2,074,365)	(164,601)	(2,238,966)
Total other comprehensive loss items	-	-	-	1,576,425	-	1,576,425	(10,758)	1,565,667
Group's share from changes in associate's equity	-	-	-	-	(3,677,680)	(3,677,680)	-	(3,677,680)
Balance as at 31 March 2015	40,706,523	4,584,998	(2,694,680)	420,688	(19,731,135)	23,286,394	9,527,941	32,814,335

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

Interim Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2015	2014
Cash flows from operating activities			
Net loss for the period		(2,238,966)	(7,140,361)
Adjustments:			
(Gains)/ losses from investments		(3,646,615)	354,038
Gain on sale of a subsidiary		(2,408)	-
Losses from investments in associates		1,400,705	2,201,102
Net provide provisions and impairment in value		4,060,114	3,906,835
Depreciation		947	531
Staff end of service indemnity		8,962	(9,282)
Operating losses before changing in operation assets and liabilities		(417,261)	(687,137)
Financial investments at fair value - profit or loss		(10,060)	(2,721)
Receivables and other debit balances		(1,969,671)	(82,970)
Payables and other credit balances		(84,693)	293,681
Net cash used in operating activities		(2,481,685)	(479,147)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(10,687,962)	(347,990)
Proceeds from sale of available for sale investments		10,921,609	454,400
Cash proceeds from disposal of a subsidiary		(4,102)	-
Cash paid for purchase of investments in associates		(82,519)	(408,503)
Proceeds from sale of investments in associates		16,340	596,605
Paid for purchase of property and equipment		-	(1,555)
Net cash generated from investing activities		163,366	292,957
Net decrease in cash and cash equivalents		(2,318,319)	(186,190)
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	348,544	2,342,622

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 Kuwaiti Public 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'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. The activities of the Group are carried out in accordance with Noble Islamic Sharia principles.

The extra ordinary general assembly of the Parent Company was held during the subsequent period and approved the amendment of the Memorandum of the Parent Company accordance with Companies' Law requirement, and record 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 4 June 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 31 March 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. In addition, the amendment of IFRS "5" (assets held for sale and discontinued operations).

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.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

The *Annual Improvements to IFRSs 2010-2012 Cycle*:

- *IFRS 2 Share-based Payment*
- *IFRS 3 Business Combinations*
- *IFRS 8 Operating Segments*
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*
- *IAS 24 Related Party Disclosures*

The *Annual Improvements to IFRSs 2011-2013 Cycle*:.

- *IFRS 3 Business Combinations*
- *IFRS 13 Fair Value Measurement*
- *IAS 40 Investment Property*

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 2017

IFRS 15 *Revenue from Contracts with Customers*

The directors of the Group 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.

Effective for annual periods beginning on or after 1 January 2018

IFRS 9 *Financial Instruments*

The directors of the Group 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.

Non-current assets held for sale discontinued operation

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

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 that 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:

Financial assets	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
	31 March 2015	31 December 2014	31 March 2014				
Fair value through income statement:							
Local quoted shares	904,227	756,597	1,101,832	Level 1	Last bid price	-	-
Foreign quoted shares	9,660	-	345,229	Level 1	Bid price	-	-
Local funds units	1,049,782	1,018,709	1,072,401	Level 2	Quoted prices by Funds Manager	-	-
Local unquoted shares	285,960	285,960	285,960	Level 3	Discounted cash flows	Discount Rate: 8%	Increase of Discount Rate and decrease of fair value
Available for sale investment:							
Local quoted shares	4,271,936	1,582,563	4,643,702	Level 1	Last bid price	-	-

The fair value of other financial assets and liabilities approximates their carrying amount as at the financial information date.

4. Cash at banks and financial institutions

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Bank current accounts	142,275	1,037,605	1,129,135
Cash at portfolios and Kuwait Clearing company	198,625	1,624,572	1,205,415
Cash on hand	7,644	4,686	8,072
	348,544	2,666,863	2,342,622

5. Financial investments at fair value - profit or loss

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Held for trading investments	913,887	756,597	1,447,061
Investments at fair value through profit or loss on acquisition	1,335,742	1,304,669	1,358,361
	2,249,629	2,061,266	2,805,422
Investments in local shares – quoted	904,227	756,597	1,101,832
Investments in foreign shares – quoted	9,660	-	345,229
Investments in local shares – unquoted	285,960	285,960	285,960
Investments in local funds – unquoted	1,049,782	1,018,709	1,072,401
	2,249,629	2,061,266	2,805,422

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

5.2 Certain financial investments at fair value - profit or loss amounted to KD 760,186 as at 31 March 2015 (KD 598,013 as at 31 December 2014) are pledged against payables from purchase of investments.

6. Receivables and other debit balances

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Receivables from sale of properties	3,783,557	3,970,476	5,203,877
Deferred income	(253,422)	(253,422)	(375,797)
	3,530,135	3,717,054	4,828,080
Due from related parties (note 16)	4,397,429	1,747,757	7,494,800
Restricted cash against letter of credit	828,220	825,200	867,713
Accrued income	234,091	655,904	230,755
Accrued rents	491,210	491,210	491,210
Settlement receivables (note 11)	2,775,379	2,775,379	-
Other debit balances	1,259,738	1,327,517	1,490,787
	13,516,202	11,540,021	15,403,345
Less: provision for doubtful debts	(1,731,796)	(1,731,796)	(3,962,345)
	11,784,406	9,808,225	11,441,000

7. Investments properties

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Local real estate	5,932,000	8,973,000	8,710,000
Foreign real estate	-	18,884,525	23,306,582
	5,932,000	27,857,525	32,016,582

7.1 The Group had reclassified investments properties of KD 21,925,525 to assets held for sale (note 10).

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

7.3 A part of investments properties of KD 1,870,000 as at 31 March 2015 registered in related parties name and there is an assignment letter in favor of the Group.

8. Investments in associates

	Ownership %	31 March 2015	Ownership %	31 December 2014 (Audited)	Ownership %	31 March 2014
Ekttitab Holding Co. K.S.C.P	16.48	3,231,826	16.48	3,203,660	20.79	5,699,636
Hits Telecom Co. K.S.C.P	29.22	11,887,081	29.22	11,944,817	37.30	16,694,041
Sarh Capital Real Estate Company K.S.C.C	33.80	11,618,275	33.80	11,618,275	48.91	16,054,219
		26,737,182		26,766,752		38,447,896

8.1 The Group has recorded its shares of the associates' result as per latest available financial statements and information.

8.2 A part of these investments in an associate of KD 424,020 as at 31 March 2015 (KD 429,637 - 31 December 2014) is pledged against investment properties creditors.

8.3 Investments in associates include a goodwill of KD 413,015 as at 31 March 2015 (KD 413,015 - 31 December 2014).

9. Available for sale investments

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Local investments – quoted	4,271,936	1,582,563	4,643,702
Local investments – unquoted	743,669	743,669	1,118,669
Foreign investments – unquoted	-	6,931,791	-
	5,015,605	9,258,023	5,762,371

9.1 Investments were valuated as mentioned in note 3.

9.2 Unquoted investments are carried at cost less impairment as its fair value cannot reliably measured at the interim condensed consolidated financial information date.

10. Assets held for sale

During the subsequent period, the Group had signed a settlement agreement with one of major creditor parties to settle Wakala payables with approximate amount of KD 26.7 Million due from the Group in addition to settlement Wakala payables due from one of related parties of KD 1.5 Million against transferred investments properties approximate amount of KD 21.9 Million as at 31 March 2015 to the creditor party within 60 days from date sign the agreement. Group will achieve a profit approximately of KD 6 Million from this settlement at implementation.

The assets mentioned above are classified into assets held for sale as at 31 March 2015 until the implementation of the agreement. There are no material commitments or results related to those assets during the current period or the comparative period.

11. Wakala payables

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Wakala payables from local banks and foreign parties	31,487,765	31,487,765	43,137,628
Wakala payables from investments fund	2,522,653	2,522,653	2,522,653
	34,010,418	34,010,418	45,660,281

11.1 All Wakala payables were matured as at 31 March 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 dispute 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 agreed and has agreed to settle the remaining balance of one of the Local Banks of KD 4,800,000 as at 31 March 2015 against transferring assets. During previous year, a part of KD 2,775,379 were transferred and recognized into receivables until implementing all settlement terms (note 6).

During the subsequent period, the Group had signed a settlement agreement with one of the major creditor parties with a balance of KD 26.7 Million against assets (note 10) and currently there are negotiations with other creditors for settlements.

11.4 The following assets are pledged against current Wakala payables:

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Investments in associates	5,589,945	5,635,566	9,693,638
Investments properties	5,092,000	8,133,000	7,944,000
Assets held for sale	3,041,000	-	-
Investments in subsidiaries	-	-	6,471,939
	13,722,945	13,768,566	24,109,577

12. Other reserves

	Employee share options reserves	Group's share in associates reserves	Changes in fair value reserve	Total
Balance as at 1 January 2014	490,500	(844,887)	(2,698,073)	(3,052,460)
Total comprehensive income/ (loss) for the period	-	(1,864,406)	1,250,016	(614,390)
Balance as at 31 March 2014	490,500	(2,709,293)	(1,448,057)	(3,666,850)
Balance as at 1 January 2015	490,500	(1,646,237)	-	(1,155,737)
Total comprehensive (loss)/ income for the period	-	2,499,796	(923,371)	1,576,425
Balance as at 31 March 2015	490,500	853,559	(923,371)	420,688

13. Gains / (losses) from investments

	Three months ended 31 March	
	2015	2014
(Losses)/ gains from sale of financial investments at fair value - profit or loss	(365)	10,350
Change in fair value of financial investments at fair value - profit or loss	178,668	11,365
Gains/ (losses) from sale of available for sale investments	3,468,312	(375,753)
	3,646,615	(354,038)

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 31 March	
	2015	2014
Net loss for the period attributable to shareholders of the Parent Company	(2,074,365)	(7,093,193)
Weighted average number of issued and outstanding shares during the period (share)	389,598,606	389,598,606
Loss per share (fils)	(5.32)	(18.21)

15. Investments in subsidiaries

These 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 (%)		
				31 March 2015	31 December 2014	31 March 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

- Financial information prepared by the management of the subsidiaries had been used for consolidation purposes. The total assets of the subsidiaries amounted to KD 51,455,102 as at 31 March 2015 (KD 55,979,815 as at 31 December 2014), and its net losses KD 3,235,912 for the period ended 31 March 2015 (KD 3,368,401 for the period ended 31 March 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 was eliminated disposal when preparing the interim condensed consolidated statement of cash flows as it is non-cash transaction.

16. Related parties' transactions

Related parties include 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 31 March. The related parties significant transactions and outstanding balances were as follows:

	Three months ended 31 March	
	2015	2014
Transactions		
Gain from sale of a subsidiary	2,408	-
Key and Executive Management remunerations	9,517	-

	31 March 2015	31 December 2014 (Audited)	31 March 2014
Financial position			
Investments in Islamic debt instruments before provisions	1,057,737	1,057,737	13,225,509
Receivables and other debit balances	4,397,429	1,747,757	7,494,800
Payables and other credit balances	555,860	734,917	1,582,541
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 3,323,445 as at 31 March 2015 (KD 3,664,755 as at 31 December 2014 and KD 7,456,643 as at 31 March 2014) and were recorded as off-balance sheet items.
- The Group has provided a joint security against a Murabaha payable granted to a related party of KD 2,392,741 as at 31 March 2015 (KD 2,457,534 as at 31 December 2014). There are legal dispute 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 its session has been determined to be on May 10, 2015 for the receipt of the Experts' Report.
- Group's investments in associates and financial investment at fair value - profit or loss of KD 2,157,896 and KD 108,684 as at 31 March 2015 respectively (KD 2,175,952 and KD 108,684 as at 31 December 2014) and treasury shares with a cost of KD 1,434,767 (KD 1,434,767 as at 31 December 2014) were pledged to a subsidiary disposed during previous years.

- Group's investment in an associate and investment at fair value through profit or loss of KD 4,739,295 and KD 519,635 as at 31 March 2015 respectively (KD 4,789,476 and KD 529,614 as at 31 December 2014) was pledged as guarantee against Murabaha payable granted to a related party of KD 4,777,104. These Wakala payable are matured and did not renewed or paid. There is a legal dispute with the party about the amounts that must be paid out of the amount. The Group obtained guarantees of unregistered property's mortgage from that related party of KD 8.3 Million against that liabilities and against certain receivables balances and accrued Musharaka due from the same party with an amount of KD 2.6 Million as at 31 March 2015, therefore, the Group believe that there is no provisions required for this purpose.

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

17. Segment distribution

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

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

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

	Real Estate		Investment finance		Assets held for sale		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Segment revenue	82,610	118,050	2,294,792	(5,329,139)	-	-	2,377,402	(5,211,089)
Segment results	82,610	118,050	2,294,792	(5,329,139)	-	-	2,377,402	(5,211,089)
Segment assets	7,730,339	35,357,050	36,777,795	51,750,214	21,925,525	-	66,433,659	87,107,264
Segment liabilities	781,250	1,984,701	38,310,738	49,960,601	-	-	39,091,988	51,945,302

	2015	2014
Total segment result	2,377,402	(5,211,089)
Other income	16,817	9,588
Other expenses	(4,060,114)	(827,320)
Net provided provisions and impairment	(573,071)	(1,111,540)
Net loss	(2,238,966)	(7,140,361)
Total segment assets	66,433,659	87,107,264
Cash at banks and financial institutions	348,544	2,342,622
Receivables and other debit balances	7,210,688	8,100,532
Property and equipment	237,387	182,621
Goodwill	175,000	-
Total assets	74,405,278	97,733,039

18. Lawsuits and contingent liabilities

- There are legal disputes between the Group and certain portfolio clients in respect of liquidation of those parties' accounts amounting to KD 5,074,899. The Group's management believes that there is no provisionس required for this purpose, as there are off-balance sheet assets pledged by certain third parties in favor of the Group by KD 3,113,804 as at 31 March 2015 (KD 3,360,670 as at 31 December 2014) that can be used to cover the judicial rulings outcome.
- One creditor of purchase real estate creditors has filed lawsuits to liquidate of those accounts, 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.
- There are lawsuits filed by investment creditors against the Group amounting to KD 3,977,707 as of 31 March 2015 claiming for settlement. The Group was judged by the Court to settle such amount. The Group has appealed against the verdict, and the appeal has been rejected. The court has upheld the verdict, which has been appealed to cassation.

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 25,410,186 as at 31 March 2015 (KD 28,559,455 as at 31 December 2014 and KD 33,811,730 as at 31 March 2014).