

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 six months ended 30 June 2015
With Review Report



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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 - 15

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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 June 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-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 (12) 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 Parent Company's pledged assets against Wakala. The Parent Company submitted an application to the court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law", the Parent Company had settled certain Wakala payables and also signed an agreement to settled Wakala payable to one of the major creditors during the current period. Our conclusion above is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the 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 six-month period ended 30 June 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 six-month period ended 30 June 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 (12) of this interim condensed consolidated financial information in respect of Wakala payables granted from investment funds.

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Independent Member of B.K.R. International

Kuwait, 9 September 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 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 June 2015	31 December 2014 (Audited)	30 June 2014
Assets				
Cash at banks and financial institutions	4	1,842,177	2,666,863	1,932,011
Investments in Islamic debt instruments	5	-	-	1,950,211
Financial investments at fair value through profit or loss	6	2,010,107	2,061,266	2,744,657
Receivables and other debit balances	7	7,516,153	9,808,225	11,812,858
Investment properties	8	9,629,650	27,857,525	31,861,386
Investments in associates	9	26,988,459	26,766,752	38,166,806
Goodwill		175,000	175,000	-
Available for sale investments	10	4,653,400	9,258,023	5,015,645
Property and equipment		233,162	238,334	308,425
Assets held for sale	11	21,971,873	-	-
Total assets		75,019,981	78,831,988	93,791,999
Liabilities and equity				
Liabilities				
Payables and other credit balances		8,204,444	7,512,474	12,638,743
Wakala payables	12	32,210,418	34,010,418	45,600,667
End of service indemnity		163,948	143,782	124,611
Total liabilities		40,578,810	41,666,674	58,364,021
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		(2,694,680)	(2,694,680)	(2,694,680)
Other reserves	13	1,247,161	(1,155,737)	(4,039,333)
Accumulated losses		(18,926,300)	(13,979,090)	(9,965,842)
Total equity attributable to shareholders of the Parent Company		24,917,702	27,462,014	28,591,666
Non-controlling interests		9,523,469	9,703,300	6,836,312
Total equity		34,441,171	37,165,314	35,427,978
Total liabilities and equity		75,019,981	78,831,988	93,791,999

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

Mohammad Darwesh Al-Shamali
Chairman

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
Revenues					
Income from consulting services		54,423	37,168	100,897	58,464
Income from settlement of Wakala payable	12	529,770	-	529,770	-
(Losses)/ gains from investments	14	(401,597)	(519,537)	3,245,018	(873,575)
Real estate income		126,980	148,664	209,590	266,714
Other income		14,339	10,639	33,564	20,227
		323,915	(323,066)	4,118,839	(528,170)
Expenses and other charges					
(Gains)/ losses from investments in associates		(151,347)	42,355	1,249,358	2,243,457
General and administrative expenses		679,202	265,286	1,252,273	1,092,606
Net (reversal)/ provide of provisions and impairment in value		(919,201)	2,236,682	3,140,913	6,143,517
		(391,346)	2,544,323	5,642,544	9,479,580
Net profit/ (loss) for the period		715,261	(2,867,389)	(1,523,705)	(10,007,750)
Attributable to:					
Shareholders of the Parent Company		728,833	(2,840,590)	(1,345,532)	(9,933,783)
Non-controlling interests		(13,572)	(26,799)	(178,173)	(73,967)
Net profit/ (loss) for the period		715,261	(2,867,389)	(1,523,705)	(10,007,750)
Earnings/ (loss) per share (fils)	15	1.87	(7.29)	(3.45)	(25.50)

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

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

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2015	**2014**	**2015**	**2014**
Net profit/ (loss) for the period	**715,261**	**(2,867,389)**	**(1,523,705)**	**(10,007,750)**
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	408,667	(295,479)	2,908,463	(2,169,116)
Transferred to statement of income from sale of the shares in an associate	(286,265)	21,319	(286,265)	30,550
	122,402	(274,160)	2,622,198	(2,138,566)
Available for sale investments				
Changes at fair value	509,771	(620,936)	(424,358)	(2,464,586)
Transferred to statement of income from sale of investments	203,400	45,693	203,400	335,112
Transferred to statement of income from impairment in value	-	474,916	-	3,270,211
	713,171	(100,327)	(220,958)	1,140,737
Total other comprehensive income/ (loss) items	835,573	(374,487)	2,401,240	(997,829)
Total comprehensive income/ (loss) for the period	**1,550,834**	**(3,241,876)**	**877,535**	**(11,005,579)**
Attributable to:				
Shareholders of the Parent Company	1,555,306	(3,213,070)	1,057,366	(10,920,656)
Non-controlling interests	(4,472)	(28,806)	(179,831)	(84,923)
Total comprehensive income/ (loss) for the period	**1,550,834**	**(3,241,876)**	**877,535**	**(11,005,579)**

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

Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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 equity attributable to Shareholders of the Parent Company	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	-	-	-	-	(9,933,783)	(9,933,783)	(73,967)	(10,007,750)
Total other comprehensive income items	-	-	-	(986,873)	-	(986,873)	(10,956)	(997,829)
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 June 2014	40,706,523	4,584,998	(2,694,680)	(4,039,333)	(9,965,842)	28,591,666	6,836,312	35,427,978
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	-	-	-	-	(1,345,532)	(1,345,532)	(178,173)	(1,523,705)
Total other comprehensive income items	-	-	-	2,402,898	-	2,402,898	(1,658)	2,401,240
Group's share from change in associate equity	-	-	-	-	(3,601,678)	(3,601,678)	-	(3,601,678)
Balance as at 30 June 2015	40,706,523	4,584,998	(2,694,680)	1,247,161	(18,926,300)	24,917,702	9,523,469	34,441,171

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

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2015	2014
Cash flows from operating activities			
Net loss for the period		(1,523,705)	(10,007,750)
Adjustments:			
(Gains)/ losses from investments		(3,245,018)	4,143,786
Income from settlement of Wakala payable		(529,770)	-
Losses from investments in associates		1,249,358	2,243,457
Gains from sale of a subsidiary		(2,408)	-
Real estate income		(27,000)	(33,260)
Net provisions and impairment in value		3,140,913	2,873,306
Depreciation and amortization		5,172	5,584
Staff end of service indemnity		20,166	(5,521)
Operating losses before changing in operation assets and liabilities		(912,292)	(780,398)
Financial investments at fair value through profit or loss		(73,397)	(345,734)
Receivables and other debit balances		(1,694,561)	508,100
Payables and other credit balances		1,129,874	(349,651)
Net cash used in operating activities		(1,550,376)	(967,683)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(12,408,593)	(865,466)
Proceeds from sale of available for sale investments		13,042,437	1,027,600
Cash proceeds from disposal of a subsidiary		(4,102)	-
Cash paid for purchase of investments in associates		(13,042)	(447,560)
Proceeds from sale of investments in associates		45,338	600,264
Proceeds from sale of investment properties		110,000	213,260
Additions of investment properties		(46,348)	(24,804)
Paid for purchase of property and equipment		-	(132,412)
Net cash generated from investing activities		725,690	370,882
Net decrease in cash and cash equivalents		(824,686)	(596,801)
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	1,842,177	1,932,011

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

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

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 current period and approved the amendment of the Article 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 9 September 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 June 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 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.

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.

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, down to the level of profit, even when the group retains a non-controlling interest in the subsidiary after the sale. 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 those are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

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

	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2015	31 December 2014 (Audit)	30 June 2014				
Financial investments at fair value through profit or loss:							
Local quoted shares	688,854	756,597	1,008,721	Level 1	Last bid price	-	-
Foreign quoted shares	-	-	306,920	Level 1	Last bid price	-	-
Local funds unquoted	1,035,293	1,018,709	1,143,056	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 investments:							
Local quoted shares	3,909,731	1,582,563	3,896,976	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 at banks and financial institutions

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Bank current accounts	1,191,271	1,037,605	1,223,019
Cash at portfolios and Kuwait Clearing company	643,783	1,624,572	699,025
Cash on hand	7,123	4,686	9,967
	1,842,177	2,666,863	1,932,011

5. Investments in Islamic debt instruments

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Murabaha	475,000	475,000	475,000
Musharaka	-	1,057,737	13,225,509
	475,000	1,532,737	13,700,509
Provision for impairment in value	(475,000)	(1,532,737)	(11,750,298)
	-	-	1,950,211

- The Group had settled one of the Musharakat due from a related party amounted to KD 1,057,737 (note 16), accordingly, it reversed the provision of that Musharakat and recognize in the statement of income for the current period.
- Following is the movement of provision for impairment of investment in Islamic debt instruments during the period/ year:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Balance at the beginning of the period/ year	1,532,737	6,965,984	6,965,984
Net (reversal)/ provided	(1,057,737)	(521,221)	4,784,314
Write off debts	-	(4,912,026)	-
Balance at the end of the period/ year	475,000	1,532,737	11,750,298

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

6. Financial investments at fair value through profit or loss

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Held for trading investments	688,854	756,597	1,315,641
Investments at fair value through profit or loss on acquisition	1,321,253	1,304,669	1,429,016
	2,010,107	2,061,266	2,744,657
Investments in local shares – quoted	688,854	756,597	1,008,721
Investments in foreign shares – quoted	-	-	306,920
Investments in local shares – unquoted	285,960	285,960	285,960
Investments in local funds – unquoted	1,035,293	1,018,709	1,143,056
	2,010,107	2,061,266	2,744,657

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

6.2 Certain investments at fair value through profit or loss amounted to KD 506,791 as at 30 June 2015 (KD 598,013 as at 31 December 2014, KD 810,865 as at 30 June 2014) are pledged against payables from purchase of investments.

7. Receivables and other debit balances

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Receivables from sale of properties	3,647,106	3,970,476	4,790,214
Deferred income	(253,422)	(253,422)	(375,797)
	3,393,684	3,717,054	4,414,417
Due from related parties (note 17)	1,700,598	1,747,757	7,121,344
Restricted cash against letter of credit	824,952	825,200	829,928
Accrued income	184,054	655,904	228,621
Accrued rents	491,210	491,210	491,210
Settlement receivables	1,505,149	2,775,379	-
Other debit balances	1,148,302	1,327,517	1,726,755
	9,247,949	11,540,021	14,812,275
Less: provision for doubtful debts	(1,731,796)	(1,731,796)	(2,999,417)
	7,516,153	9,808,225	11,812,858

8. Investment properties

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Local real estate	5,717,000	8,973,000	8,493,893
Foreign real estate	3,912,650	18,884,525	23,367,493
	9,629,650	27,857,525	31,861,386

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

8.2 The Group have been classified investment properties of KD 21,971,873 to assets held for sale (note 11).

8.3 A part of investment properties of KD 1,655,000 as at 30 June 2015 registered in related parties' name and there is an assignment letter in favor of the Group.

9. Investments in associates

	Ownership %	30 June 2015	Ownership %	31 December 2014 (Audited)	Ownership %	30 June 2014
Ekttitab Holding Co. K.S.C.P.	16.31	3,024,764	16.48	3,203,660	20.95	5,575,740
Hits Telecom Co. K.S.C.P.	29.22	12,345,420	29.22	11,944,817	37.30	16,536,847
Sarh Capital Real Estate Company K.S.C.C.	33.80	11,618,275	33.80	11,618,275	48.91	16,054,219
		26,988,459		26,766,752		38,166,806

9.1 The Group has recorded its shares of the associates' results based on unaudited financial information for the period ended 31 March 2015, except Sarh Capital Real Estate Company which based on the financial information prepared by the management of the Company.

9.2 A part of these investments in associates of KD 424,302 as at 30 June 2015 (KD 429,637 as at 31 December 2014, KD 590,303 as at 30 June 2014) is pledged against investment properties creditors.

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

10. Available for sale investments

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Local investments – quoted	3,909,731	1,582,563	3,896,976
Local investments – unquoted	743,669	743,669	1,118,669
Foreign investments – quoted	-	6,931,791	-
	4,653,400	9,258,023	5,015,645

10.1 Investments were valuated as mentioned in note 3.

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

11. Assets held for sale

During the 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 investment properties approximate amount of KD 22 Million as at 30 June 2015 to the creditor party within 60 days from date of signing the agreement. The Group will achieve a profit approximately of KD 6 Million from this settlement at implementation.

The assets mentioned above have been reclassified to assets held for sale as at 30 June 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.

12. Wakala payables

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Wakala payables from local banks and foreign parties	29,687,765	31,487,765	43,078,014
Wakala payables from investments fund	2,522,653	2,522,653	2,522,653
	32,210,418	34,010,418	46,600,667

12.1 All Wakala payables were matured as at 30 June 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.

12.2 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.

12.3 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 Banks of KD 4,800,000. During the subsequent period, the Group has executed certain articles of the settlement agreement and obtained final clearance, therefore Wakala payables have been reduced by KD 1,800,000 as at 30 June 2015, and recorded a net settlement profit of KD 529,770 in interim condensed consolidated statement of income for the current period.

During the current 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 11) and currently there are negotiations with other creditors for settlements.

12.4 The following assets are pledged against current Wakala payables:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Investments in associates	5,762,336	5,635,566	9,580,610
Investments properties	4,877,000	8,133,000	7,907,892
Assets held for sale	3,041,000	-	-
Investments in subsidiaries	-	-	6,447,978
	13,680,336	13,768,566	23,936,480

13. Other reserves

	Employee share 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 (losses) / income for the period	-	(2,138,566)	1,151,693	(986,873)
Balance as at 30 June 2014	490,500	(2,983,453)	(1,546,380)	(4,039,333)
Balance as at 1 January 2015	490,500	(1,646,237)	-	(1,155,737)
Total comprehensive income/ (losses) for the period	-	2,622,198	(219,300)	2,402,898
Balance as at 30 June 2015	490,500	975,961	(219,300)	1,247,161

14. (Losses)/ gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Losses from sale of financial investments at fair value through profit or loss	(19,761)	(187,795)	(20,126)	(177,445)
Change in fair value of financial investments at fair value through profit or loss	(283,098)	(215,983)	(104,430)	(204,618)
(Losses) / gains from sale of available for sale investments	(98,738)	(115,759)	3,369,574	(491,512)
	(401,597)	(519,537)	3,245,018	(873,575)

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

15. 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 June		Six months ended 30 June	
	2015	2014	2015	2014
Net profit / (loss) for the period attributable to shareholders of the Parent Company	728,833	(2,840,590)	(1,345,532)	(9,933,783)
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)	1.87	(7.29)	(3.45)	(25.50)

16. 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 entity	Country of incorporation	Activity	Ownership (%)		
				30 June 2015	31 December 2014 (Audited)	30 June 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 55,384,433 as at 30 June 2015 (KD 55,979,815 as at 31 December 2014, KD 58,867,620 as at 30 June 2014), and its net losses KD 4,199,675 for the period ended 30 June 2015 (KD 4,450,486 for the period ended 30 June 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.
- 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 (note 5)	(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 when preparing the interim condensed consolidated statement of cash flows as it is non-cash transaction.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

17. Related parties' transactions

Related parties are representing in the Group's shareholders who have representation in the board of directors, members of the board of directors, senior management, associates, and subsidiaries. In the normal course of business, subject to the Group's management approval, there were transactions with related parties during the period ended 30 June. The related parties significant transactions and outstanding balances are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Transactions				
Key and executive management remunerations	9,517	-	19,034	-
Acquisition of investments in subsidiary	3,912,650	-	3,912,650	-
Gains on disposal of a subsidiary	-	-	2,408	-
Net reversal / (provide) of provision and impairment in value	1,057,737	(3,821,386)	1,057,737	(3,821,386)

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Financial position			
Investments in Islamic debt instruments (total)	-	1,057,737	13,225,509
Receivables and other debit balances (total) (note 7)	1,700,598	1,747,757	7,121,344
Payables and other credit balances	1,578,033	734,917	1,454,410
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 3,178,587 as at 30 June 2015 (KD 3,664,755 as at 31 December 2014 and KD 5,885,802 as at 30 June 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 2,561,203 as at 30 June 2015 (KD 2,457,534 as at 31 December 2014 and KD 2,298,011 as at 30 June 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 its session has been determined to be on 27 September 2015 for the receipt of the Experts' Report.
- Group's investments in associates, financial investments at fair value through profit or loss of KD 2,221,803 and KD 108,684 as at 30 June 2015 respectively (KD 2,175,952 and KD 108,684 as at 31 December 2014, KD 2,999,833 and KD 108,684 as at 30 June 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 June 2014) has been pledged to a subsidiary disposed during the prior years.
- Group's investment in an associates and investment at fair value through profit or loss of KD 4,817,205 and KD 511,797 as at 30 June 2015 (KD 4,789,476 and KD 529,614 as at 31 December 2014 and KD 6,592,702 and KD 665,824 as at 30 June 2014) respectively 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 602,048 as at 30 June 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.

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 six months period ended 30 June is as follows:

	Real estate		Investment		Assets held for sale		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Segment revenue	209,590	266,714	2,096,557	(3,058,568)	-	-	2,306,147	(2,791,854)
Segment results	209,590	266,714	2,096,557	(3,058,568)	-	-	2,306,147	(2,791,854)
Segment assets	11,830,110	33,767,596	35,157,118	47,877,319	21,971,873	-	68,959,101	81,644,915
Segment liabilities	781,250	1,984,701	36,510,738	49,900,987	-	-	37,291,988	51,885,688

	2015	2014
Total segment results	2,306,147	(2,791,854)
Income from settlement of Wakala payable	529,770	-
Other expenses	33,564	20,227
General and administrative expense	(1,252,273)	(1,092,606)
Net provided provisions and impairment in value	(3,140,913)	(6,143,517)
Net loss	(1,523,705)	(10,007,750)
Total segment assets	68,959,101	81,644,915
Cash at banks and financial institutions	1,842,177	1,932,011
Receivables and other debit balances	3,810,541	9,906,648
Property and equipment	233,162	308,425
Goodwill	175,000	-
Total assets	75,019,981	93,791,999

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 5,102,976. The Group's management believes that there is no provision required for this purpose, as there are off-balance sheet assets not included in the interim condensed consolidated financial information pledged by certain third parties in favor of the Group with amount of KD 2,989,805 as at 30 June 2015 (KD 3,360,670 as at 31 December 2014, KD 1,229,627 as at 30 June 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.
- One creditor from purchase of 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 30 June 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.

20. 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 25,866,220 as at 30 June 2015 (KD 28,599,455 as at 31 December 2014 and KD 31,077,522 as at 30 June 2014).