

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 2016
With Review Report



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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 2016, 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).

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. 1 of 2016, and its executive regulation, or of the Memorandum and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2016 that might have had a material effect on the business of the Group or on its consolidated 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 2016, that might have had a material effect on the business of the Parent Company or on its consolidated financial position, except as set out in note 11 of this interim condensed consolidated financial information, which indicate that the Group has obtained Wakala payables from Investment Funds, which is in violation of the instructions of Central Bank of Kuwait.

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

Kuwait, 29 August 2016

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 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 June 2016	31 December 2015 (Audited)	30 June 2015
Assets				
Cash and cash equivalents	4	2,967,027	932,456	1,842,177
Financial investments at fair value - profit or loss	5	2,232,355	1,561,831	2,010,107
Receivables and other debit balances	6	4,022,707	4,420,384	7,516,153
Investment properties	7	1,429,000	5,451,000	9,629,650
Investments in associates	8	25,359,003	24,508,338	26,988,459
Available for sale investments	9	2,282,490	2,930,474	4,653,400
Property and equipment		121,041	129,809	233,162
Goodwill		-	-	175,000
Assets held for sale		-	-	21,971,873
Total assets		38,413,623	39,934,292	75,019,981
Liabilities and equity				
Liabilities				
Payables and other credit balances	10	4,398,901	7,034,559	8,204,444
Wakala payables	11	2,522,653	2,522,653	32,210,418
End of service indemnity		181,123	163,938	163,948
Total liabilities		7,102,677	9,721,150	40,578,810
Equity				
Equity attributable to shareholders of the Parent Company				
Share capital		40,706,523	40,706,523	40,706,523
Share premium		4,552,924	4,552,924	4,584,998
Treasury shares	12	(2,694,680)	(2,694,680)	(2,694,680)
Other reserves	13	244,341	257,820	1,247,161
Accumulated losses		(20,726,406)	(22,390,166)	(18,926,300)
Total equity attributable to shareholders of the Parent Company		22,082,702	20,432,421	24,917,702
Non-controlling interests		9,228,244	9,780,721	9,523,469
Total equity		31,310,946	30,213,142	34,441,171
Total liabilities and equity		38,413,623	39,934,292	75,019,981

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

Mohammad Darwesh Al-Shamali
Chairman

Abdul Raouf Tawfiq
Vice chairman

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Revenues					
Income from consulting services		4,694	54,423	17,362	100,897
Income from settlements		-	529,770	149,852	529,770
Gains/ (losses) from investments	14	36,312	(401,597)	(51,520)	3,245,018
Gains/ (losses) from real estate		50,106	126,980	(128,400)	209,590
Net reversal/ (provide) for provisions and impairment in value		2,312,169	919,201	3,267,986	(3,140,913)
Other income		39,565	14,339	51,493	33,564
		2,442,846	1,243,116	3,306,773	977,926
Expenses and other charges					
Losses/ (gains) from investments in associates	8	1,338,211	(151,347)	1,290,763	1,249,358
General and administrative expenses		398,875	679,202	906,268	1,252,273
		1,737,086	527,855	2,197,031	2,501,631
Net profit/ (loss) for the period		705,760	715,261	1,109,742	(1,523,705)
Attributable to:					
Shareholders of the Parent Company		1,203,946	728,833	1,663,760	(1,345,532)
Non-controlling interests		(498,186)	(13,572)	(554,018)	(178,173)
Net profit/ (loss) for the period		705,760	715,261	1,109,742	(1,523,705)
Earnings/ (loss) per share (fils)	15	3.09	1.87	4.27	(3.45)

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 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Net profit/ (loss) for the period	705,760	715,261	1,109,742	(1,523,705)
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	(175,707)	408,667	(160,952)	2,908,463
Transferred to statement of income from sale of the shares in associates	(9,133)	(286,265)	(9,133)	(286,265)
	(184,840)	122,402	(170,085)	2,622,198
Available for sale investments				
Change at fair value	158,147	509,771	158,147	(424,358)
Transferred to statement of income from sale of investments	-	203,400	-	203,400
	158,147	713,171	158,147	(220,958)
Total other comprehensive (loss)/ income items	(26,693)	835,573	(11,938)	2,401,240
Total comprehensive income for the period	679,067	1,550,834	1,097,804	877,535
Attributable to:				
Shareholders of the Parent Company	1,175,712	1,555,306	1,650,281	1,057,366
Non-controlling interests	(496,645)	(4,472)	(552,477)	(179,831)
Total comprehensive income for the period	679,067	1,550,834	1,097,804	877,535

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 six months ended 30 June 2016
(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 (Note 12)	Other reserves (Note 13)	Accumulated losses	Total		
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
Balance as at 1 January 2016	40,706,523	4,552,924	(2,694,680)	257,820	(22,390,166)	20,432,421	9,780,721	30,213,142
Net profit for the period	-	-	-	-	1,663,760	1,663,760	(554,018)	1,109,742
Total other comprehensive losses items	-	-	-	(13,479)	-	(13,479)	1,541	(11,938)
Balance as at 30 June 2016	40,706,523	4,552,924	(2,694,680)	244,341	(20,726,406)	22,082,702	9,228,244	31,310,946

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 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2016	2015
Cash flows from operating activities			
Net gain/ (loss) for the period		1,109,742	(1,523,705)
Adjustments:			
Losses/ (gains) from investments		51,520	(3,245,018)
Income from settlements		(149,852)	(529,770)
Losses from investments in associates		1,290,763	1,249,358
Gains from sale of a subsidiary		-	(2,408)
Real estate income		184,000	(27,000)
Net reversal/ (provide) of provisions and impairment in value		(3,267,986)	3,140,913
Depreciation and amortization		25,425	5,172
Staff end of service indemnity		17,185	20,166
Operating losses before changing in operation assets and liabilities		(739,203)	(912,292)
Financial investments at fair value through profit or loss		(555,817)	(73,397)
Receivables and other debit balances		397,677	(1,694,561)
Payables and other credit balances		(1,461,144)	1,129,874
Net cash used in operating activities		(2,358,487)	(1,550,376)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(1,135,310)	(12,408,593)
Proceeds from sale of available for sale investments		1,671,442	13,042,437
Cash dividends received		20	-
Cash proceeds from disposal of a subsidiary		-	(4,102)
Cash paid for purchase of investments in associates		(23,708)	(13,042)
Proceeds from sale of investments in associates		59,271	45,338
Proceeds from sale of investment properties		3,838,000	110,000
Additions of investment properties		-	(46,348)
Paid for purchase of property and equipment		(16,657)	-
Net cash generated from investing activities		4,393,058	725,690
Net increase/ (decrease) in cash and cash equivalents		2,034,571	(824,686)
Cash and cash equivalents at the beginning of the period		932,456	2,666,863
Cash and cash equivalents at the end of the period	4	2,967,027	1,842,177

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 2016 (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.

On 1 February 2016, the new Companies Law no. 1/2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the companies law no. 25 of 2012 and its amendments have been cancelled. The new Executive Regulation of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016, which cancelled the Executive Regulation of Law No. 25 of 2012. Companies should make necessary arrangements to be in compliance with provisions of the new law within six months from the Executive Regulation effective date.

The General Assembly of the Shareholders held on 1 June 2016 and approved the financial statements for the year ended 31 December 2015.

The interim condensed consolidated financial information was approved for issuance by the Board of Directors on 29 August 2016.

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 2016 are not necessarily indicative of results that maybe expected for the year ending 31 December 2016. For further information, it is possible to refer to the consolidated financial statements and its related notes for to the year ended 31 December 2015.

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 2015, except for following:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- Annual Improvements 2012-2014 Cycle

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

3. Fair value estimation

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

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

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

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
	30 June 2016	31 December 2015 (Audited)	30 June 2015				
Financial investments at fair value through profit or loss:							
Local quoted shares	667,658	449,654	688,854	Level 1	Last bid price	-	-
Local funds units	1,039,499	911,218	1,035,293	Level 2	Quoted prices by Funds Manager	-	-
Local unquoted shares	324,239	-	-	Level 2	Last trading price	-	-
Local unquoted shares	200,959	200,959	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	2,282,490	2,930,474	3,909,731	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 June 2016	31 December 2015 (Audited)	30 June 2015
Bank current accounts	2,613,075	732,334	1,191,271
Cash at portfolios and Kuwait Clearing company	341,876	198,534	643,783
Cash on hand	12,076	1,588	7,123
	2,967,027	932,456	1,842,177

5. Financial investments at fair value through profit or loss

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Held for trading investments	667,658	449,654	688,854
Investments at fair value through profit or loss on acquisition	1,564,697	1,112,177	1,321,253
	2,232,355	1,561,831	2,010,107
Investments in local shares – quoted	667,658	449,654	688,854
Investments in local shares – unquoted	525,198	200,959	285,960
Investments in local funds – unquoted	1,039,499	911,218	1,035,293
	2,232,355	1,561,831	2,010,107

Investments have been valuated as shown in note 3.

6. Receivables and other debit balances

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Receivables from sale of properties	2,745,772	3,272,409	3,647,106
Deferred income	(162,131)	(162,131)	(253,422)
	2,583,641	3,110,278	3,393,684
Due from related parties (note 17)	630,273	358,191	1,700,598
Restricted cash against letter of credit	287,022	287,022	824,952
Accrued income	118,231	105,368	184,054
Accrued rents	491,210	491,210	491,210
Settlement receivables	-	-	1,505,149
Other debit balances	1,428,357	1,584,342	1,148,302
	5,538,734	5,936,411	9,247,949
Less: provision for doubtful debts	(1,516,027)	(1,516,027)	(1,731,796)
	4,022,707	4,420,384	7,516,153

7. Investment properties

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Local real estate	1,429,000	5,451,000	5,717,000
Foreign real estate	-	-	3,912,650
	1,429,000	5,451,000	9,629,650

7.1 The fair value of investment properties has been determined by independent valuers as at 31 December 2015.

7.2 Investment properties of KD 1,429,000 as at 30 June 2016 registered in related parties name and there is an assignment letter in favor of the Group (KD 1,429,000 as at 31 December 2015, KD 1,655,000 as at 30 June 2015).

7.3 During the period, the Group have sold one of the investment properties with an amount of KD 3,750,000 and a loss of KD 224,000 has been recorded in the statement of income for the current period.

8. Investments in associates

	Ownership %	30 June 2016	Ownership %	31 December 2015 (Audited)	Ownership %	30 June 2015
Ekttitab Holding Co. K.S.C.P.	16.29	2,024,034	16.48	1,733,135	16.31	3,024,764
Hits Telecom Co. K.S.C.P.	29.22	9,984,138	29.26	8,079,612	29.22	12,345,420
Sarh Capital Real Estate Company K.S.C.C.	41.63	13,350,831	41.63	14,695,591	33.80	11,618,275
		25,359,003		24,508,338		26,988,459

8.1 A part of these investments in associates of KD 528,030 as at 30 June 2016 (KD 426,631 as at 31 December 2015, KD 424,302 as at 30 June 2015) is pledged against investment properties creditors.

8.2 Investments in associates include a goodwill of KD 422,742 as at 30 June 2016 (KD 422,742 as at 31 December 2015, KD 413,015 as at 30 June 2015).

8.3 The Group has recorded its shares of the associates' results based on unaudited financial information for the period ended 31 March 2016, except for Sarh Capital Real Estate Company K.S.C. (Closed) which based on the financial information prepared by the management of the associate.

8.4 Ekttitab Holding Company and Hits Telecom Company shares are listed on Kuwait Stock Exchange. Based on the published quoted prices market value of the Group's investments' share in these two companies amounted to KD 2,024,034 and KD 9,984,138 respectively as at 30 June 2016.

8.5 During the current period, the Group had reverse impairment in value of investments in associates of KD 2,347,076 (KD 2,482,841 during the period ended 30 June 2015) based on studies prepared by Parent Company's management taking into consideration selling value of these investments.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2016 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

9. Available for sale investments

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Local investments – quoted	2,282,490	2,930,474	3,909,731
Local investments – unquoted	-	-	743,669
	2,282,490	2,930,474	4,653,400

Investments were valuated as mentioned in note 3.

10. Payables and other credit balances

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Trade payables	79,318	82,724	19,492
Due to contractors	318,712	232,606	299,885
Investment properties purchase payables	781,250	781,250	781,250
Provision for claims (note 19)	936,147	3,160,661	-
Due to related parties (note 17)	1,007,767	1,502,216	1,578,033
Dividends payables	80,148	86,748	322,613
Accrued expenses	163,865	147,603	39,014
Tax deductions	757,094	760,094	775,267
Other credit balances	274,600	280,657	4,388,890
	4,398,901	7,034,559	8,204,444

11. Wakala payables

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Wakala payables to local banks and foreign parties	-	-	29,687,765
Wakala payables to investments fund	2,522,653	2,522,653	2,522,653
	2,522,653	2,522,653	32,210,418

11.1 All Wakala payables were matured as at 30 June 2016 and 31 December 2015, but have not been renewed, or paid. The Group had ceased to record the finance costs thereon. There is a legal dispute with all parties of the Wakala contracts on the amounts that should be paid.

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 issued a judgment accepting the request for restructuring and the resultant cessation of the civil procedures of litigation and execution. The proposed was registered at the court of appeal in corporate restructured circle and deferred till 13 October 2016 for exchange acquaintance and settlement.

12. Treasury shares

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Number of shares	17,466,619	17,466,619	17,466,619
Percentage (%)	4.3	4.3	4.3
Market value	812,198	602,598	873,331

The Parent Company is committed to retain and share premium equivalent to the treasury shares throughout the period, in which they are held by the Company. Treasury shares includes 17,300,000 pledged shares.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2016 (Unaudited)
(All amounts are in Kuwaiti Dinars unless otherwise stated)

13. Other reserves

	Employee share options reserves	Group's share in associates' reserves	Change in fair value reserve	Total
Balance as at 1 January 2015	490,500	(1,646,237)	-	(1,155,737)
Total comprehensive income 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
Balance as at 1 January 2016	490,500	(232,680)	-	257,820
Total comprehensive losses for the period	-	(170,085)	156,606	(13,479)
Balance as at 30 June 2016	490,500	(402,765)	156,606	244,341

14. Gains/ (loss) from investments

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Losses from sale of financial investments at fair value - profit or loss	(3,283)	(19,761)	(24,745)	(20,126)
Change in fair value of financial investments at fair value - profit or loss	(5,156)	(283,098)	(10,400)	(104,430)
Gains/ (losses) from sale of available for sale investments	44,751	(98,738)	(16,395)	3,369,574
Dividends	-	-	20	-
	36,312	(401,597)	(51,520)	3,245,018

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	
	2016	2015	2016	2015
Net profit/ (loss) for the period attributable to shareholders of the Parent Company	1,203,946	728,833	1,663,760	(1,345,532)
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)	3.09	1.87	4.27	(3.45)

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 2016	31 December 2015 (Audited)	30 June 2015
Real Capita and its Subsidiaries	W.L.L.C	Kuwait	General trading	99	99	99
Murgan One Company	W.L.L.	Cayman Island	Real estate	100	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 24,921,177 as at 30 June 2016 (KD 28,417,204 as at 31 December 2015, KD 55,384,433 as at 30 June 2015), and their net losses amounted to KD 1,602,879 for the period ended 30 June 2016 (KD 4,199,675 for the period ended 30 June 2015).

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2016 (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	
	2016	2015	2016	2015
Transactions				
Key and executive management remunerations	-	9,517	-	19,034
Acquisition of investments in a subsidiary	-	3,912,650	-	3,912,650
Gains on disposal of a subsidiary	-	-	-	2,408
Net reversal of provisions and impairment in value	-	1,057,737	-	1,057,737

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Balances			
Receivables and other debit balances	630,273	358,191	1,700,598
Payables and other credit balances	1,007,767	1,502,216	1,578,033
Restricted cash against letter of guarantee in favor of related parties	-	-	563,190

- The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 2,007,775 as at 30 June 2016 (KD 1,848,525 as at 31 December 2015 and KD 3,178,587 as at 30 June 2015) and were recorded off interim condensed consolidated financial position items.
- The Group has provided a joint security against a Murabaha payable granted to a related party of KD 2,181,520 as at 30 June 2016 (KD 2,425,473 as at 31 December 2015 and KD 2,561,203 as at 30 June 2015). 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 16 October 2016 for the receipt of the Experts' Report.
- Group's investments in associates, financial investments at fair value through profit or loss of KD 1,751,804 and KD 108,684 as at 30 June 2016 respectively (KD 1,423,702 and KD 108,684 as at 31 December 2015, KD 2,221,803 and KD 108,684 as at 30 June 2015) and treasury shares with cost of KD 1,434,767 as at 30 June 2016 (KD 1,434,767 as at 31 December 2015 and KD 1,434,767 as at 30 June 2015) has been pledged to a subsidiary disposed during the prior years.
- Group's investment in associates and investment at fair value through profit or loss of KD 3,675,160 and KD 402,539 as at 30 June 2016 respectively (KD 3,010,090 and KD 454,483 as at 31 December 2015 and KD 4,817,205 and KD 511,797 as at 30 June 2015) was pledged as guarantee against Wakala payables granted to related party with amount of KD 4.8 Million approximately, 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 principal and during the last year, 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.
- 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment revenue	(128,400)	209,590	(1,324,921)	2,096,557	-	-	(1,453,321)	2,306,147
Segment results	(128,400)	209,590	(1,324,921)	2,096,557	-	-	(1,453,321)	2,306,147
Segment assets	3,230,806	11,830,110	29,873,848	35,157,118	-	21,971,873	33,104,654	68,959,101
Segment liabilities	1,099,962	781,250	2,602,801	36,510,738	-	-	3,702,763	37,291,988

	2016	2015
Total segment results	(1,453,321)	2,306,147
Other income	51,493	529,770
Income from settlements	149,852	33,564
Net reversal/ (provide) provisions and impairment in value	3,267,986	(3,140,913)
Other expenses	(906,268)	(1,252,273)
Net profit/ (loss)	1,109,742	(1,523,705)
Total segment assets	33,104,654	68,959,101
Cash and cash equivalents	2,967,027	1,842,177
Receivables and other debit balances	2,220,901	3,810,541
Property and equipment	121,041	233,162
Goodwill	-	175,000
Total assets	38,413,623	75,019,981

19. Contingent liabilities and assets

Contingent liabilities

- There are legal disputes between the Group and certain portfolio clients in respect of liquidation of those parties' accounts amounting to KD 5.6 Million approximately as at 30 June 2016 (KD 5.6 Million approximately as at 31 December 2015). There is a legal decision issued from the court of cassation to enforce the Group to pay due amount in one of the case, in addition there is an executive confiscation on certain assets of the Group amounted to KD 6.3 Million approximately as at 30 June 2016 (KD 5.2 Million approximately as at 31 December 2015) in favor to the portfolio clients. The Group's has signed a settlement agreement to settle these obligations against payment of an amount of KD 3.5 Million. During the current period, the Group had paid an amount of KD 1.250 Million from the settlement original amount. The Group has provided the required provisions by taking into consideration the outstanding guarantees and based on the opinion of the Group's legal adviser of a Group's ability to implement those guarantees.
- There are lawsuits of liquidation from one of the investment properties creditors purchases. It was rejected the case in the court of first instance and that the party had appealed against that ruling and the case was referred to the experts. The proceedings were suspended pending till the Parent Company are subject to the law of stability.

Contingent assets

- During the period, the Court of Appeal of Abu Dhabi, United Arab Emirates issued a judgment in one of the existing cases against certain foreign parties in favor of the Group and one of its associates to pay an amount of AED 70 million and also to pay delay interests 5% per year and an amount of AED 5.95 Million. They have appealed against this judgment and the Court of Cassation supported the Court of Appeal judgment obligating the litigant to pay the debt and also obligated the Group to return back certain assets previously acquired by those parties in the same condition at the time of transferring the ownership to the Group. It is currently in process of executing this decision.

20. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the interim condensed consolidated financial information of the Group. The net assets of these portfolios amounted to KD 7,057,345 the interim condensed consolidated financial information date as at 30 June 2016 (KD 8,063,311 as at 31 December 2015 and KD 25,866,220 as at 30 June 2015).