

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

Interim Condensed Consolidated Financial Information (Unaudited)
For the nine month ended 30 September 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 September 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation as disclosed in note (2).

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that to the best of our knowledge and belief, no violations of the Companies Law No. 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2016, that might have had a material effect on the business of the Parent Company or on its financial position, except as set out in note (10) 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.

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Kuwait, 21 November 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 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2016	31 December 2015 (Audited)	30 September 2015
Assets				
Cash and cash equivalents	4	3,450,507	932,456	956,267
Financial investments at fair value through profit or loss	5	2,185,406	1,561,831	1,895,587
Receivables and other debit balances	6	3,478,423	4,420,384	4,371,973
Investment properties	7	1,429,000	5,451,000	5,497,000
Investments in associates	8	24,675,429	24,508,338	29,805,416
Available for sale investments		1,995,554	2,930,474	3,389,619
Property and equipment		119,800	129,809	270,842
Total assets		37,334,119	39,934,292	46,186,704
Liabilities and equity				
Liabilities				
Payables and other credit balances	9	3,928,533	7,034,559	6,472,011
Wakala payables	10	2,522,653	2,522,653	2,522,653
End of service indemnity		187,686	163,938	160,150
Total liabilities		6,638,872	9,721,150	9,154,814
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	11	(2,694,680)	(2,694,680)	(2,694,680)
Other reserves	12	283,351	257,820	1,558,900
Accumulated losses		(21,359,837)	(22,390,166)	(16,601,642)
Total equity attributable to shareholders of the Parent Company		21,488,281	20,432,421	27,554,099
Non-controlling interests		9,206,966	9,780,721	9,477,791
Total equity		30,695,247	30,213,142	37,031,890
Total liabilities and equity		37,334,119	39,934,292	46,186,704

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

Mohammad Darwesh Al-Shamali
Chairman

Abdulra'ouf Tawfeeq
Vice Chairman

Interim Condensed Consolidated Statement of Income for the nine month ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three month ended 30 September		Nine month ended 30 September	
		2016	2015	2016	2015
Revenues					
Income from consulting services		4,257	34,014	21,619	134,911
Income from settlement of credit balances		-	7,593,791	149,852	8,123,561
Gains/ (losses) from investments	13	143,807	(143,315)	92,287	3,101,703
Real estate losses		(39,350)	(941,367)	(167,750)	(731,777)
Net (provide)/ reversal for provisions and impairment in value		(805,152)	(3,630,624)	2,462,834	(6,771,537)
Other income		2,198	34,053	53,691	67,617
		(694,240)	2,946,552	2,612,533	3,924,478
Expenses and other charges					
(Gains)/ losses from investments in associates	8	(263,290)	24,082	1,027,473	1,273,440
General and administrative expenses		225,207	615,450	1,131,475	1,867,723
		(38,083)	639,532	2,158,948	3,141,163
Net (loss)/ profit for the period		(656,157)	2,307,020	453,585	783,315
Attributable to:					
Shareholders of the Parent Company		(633,431)	2,354,356	1,030,329	1,008,824
Non-controlling interests		(22,726)	(47,336)	(576,744)	(225,509)
Net (loss)/ profit for the period		(656,157)	2,307,020	453,585	783,315
(Loss)/ earnings per share (fils)	14	(1.63)	6.04	2.64	2.59

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine month ended 30 September 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three month ended 30 September		Nine month ended 30 September	
	2016	**2015**	**2016**	**2015**
Net (loss)/ profit for the period	(656,157)	2,307,020	453,585	783,315
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	46,885	92,439	(114,067)	3,000,902
Transferred to statement of income from sale of shares in associates	(26,090)	-	(35,223)	(286,265)
	20,795	92,439	(149,290)	2,714,637
Available for sale investments				
Change in fair value	19,663	(16,231)	177,810	(440,589)
Transferred to statement of income from sale of investments	-	17,889	-	221,289
Transferred to statement of income from impairment in value	-	219,300	-	219,300
	19,663	220,958	177,810	-
Total other comprehensive income items	40,458	313,397	28,520	2,714,637
Total comprehensive (loss)/ income for the period	(615,699)	2,620,417	482,105	3,497,952
Attributable to:				
Shareholders of the Parent Company	(594,421)	2,666,095	1,055,860	3,723,461
Non-controlling interests	(21,278)	(45,678)	(573,755)	(225,509)
	(615,699)	2,620,417	482,105	3,497,952

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

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

Interim Condensed Consolidated Statement of Changes in Equity for the nine month ended 30 September 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company							
	Share capital	Share premium	Treasury shares	Other reserves (Note 12)	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2015	40,706,523	4,584,998	(2,694,680)	(1,155,737)	(13,979,090)	27,462,014	9,703,300	37,165,314
Net profit for the period	-	-	-	-	1,008,824	1,008,824	(225,509)	783,315
Total other comprehensive income items	-	-	-	2,714,637	-	2,714,637	-	2,714,637
Group's share from change in associates' equity	-	-	-	-	(3,601,678)	(3,601,678)	-	(3,601,678)
Loss from sale treasury shares	-	-	-	-	(29,698)	(29,698)	-	(29,698)
Balance as at 30 September 2015	40,706,523	4,584,998	(2,694,680)	1,558,900	(16,601,642)	27,554,099	9,477,791	37,031,890
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	-	-	-	-	1,030,329	1,030,329	(576,744)	453,585
Total other comprehensive income items	-	-	-	25,531	-	25,531	2,989	28,520
Balance as at 30 September 2016	40,706,523	4,552,924	(2,694,680)	283,351	(21,359,837)	21,488,281	9,206,966	30,695,247

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

Interim Condensed Consolidated Statement of Cash Flows for the nine month ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine month ended 30 September	
		2016	2015
Cash flows from operating activities			
Net profit for the period		453,585	783,315
Adjustments:			
Gains from investments		(92,287)	(3,101,703)
Income from settlement of credit balances		(149,852)	(8,123,561)
Losses from investments in associates		1,027,473	1,273,440
Gains on sale of subsidiaries		-	(2,408)
Losses from real estates		232,000	1,087,650
Net (reversal)/ provide of provisions and impairment in value		(2,462,834)	6,771,537
Depreciation and amortization		34,720	20,396
End of service indemnity		23,748	16,368
Operating losses before changing in operation assets and liabilities		(933,447)	(1,274,966)
Financial investments at fair value through profit or loss		(494,823)	(76,710)
Receivables and other debit balances		941,961	(1,994,336)
Payables and other credit balances		(1,795,365)	(2,343,969)
Net cash used in operating activities		(2,281,674)	(5,689,981)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(1,256,644)	(12,928,396)
Dividends received		20	2,721
Proceeds from sale of available for sale investments		2,229,137	13,735,752
Cash proceeds from disposal of subsidiaries		-	(4,102)
Paid for purchase of investments in associates		(162,079)	(13,042)
Proceeds from sale of investments in associates		224,002	45,400
Proceeds from sale of investment properties		3,790,000	3,213,654
Paid for purchase of property and equipment		(24,711)	(42,904)
Net cash generated from investing activities		4,799,725	4,009,083
Cash flows from financing activities			
Sale of treasury shares		-	322,258
Purchase of treasury shares		-	(351,956)
Net cash used in financing activities		-	(29,698)
Net decrease in cash and cash equivalents		2,518,051	(1,710,596)
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	3,450,507	956,267

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

1. Incorporation of the Group

Al Madina for Finance and Investment Company (the Parent Company) is a Public Kuwaiti Shareholding Company incorporated in Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Company were listed on Kuwait Stock Exchange in 24 April 2006.

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

The principal 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 month 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 21 November 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 September 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 & Amortization
- 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 30 September 2016	Fair value as at 31 December 2015 (Audited)	Fair value as at 30 September 2015	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial investments at fair value - profit or loss:							
Local quoted shares	665,605	449,654	585,012	Level 1	Last bid price	-	-
Local funds unquoted	994,603	911,218	1,024,615	Level 2	Quoted prices by Funds Manager	-	-
Local unquoted shares	324,239	-	-	Level 2	Last available bid 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	1,995,554	2,930,474	3,389,619	Level 1	Last bid price	-	-

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

4. Cash and cash equivalents

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Current accounts at banks	2,754,420	732,334	467,285
Cash at portfolios and Kuwait Clearing company	684,582	198,534	478,713
Cash on hand	11,505	1,588	10,269
	3,450,507	932,456	956,267

5. Financial investments at fair value - profit or loss

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Held for trading investments	665,605	449,654	585,012
Investments designated as at fair value through profit or loss on acquisition	1,519,801	1,112,177	1,310,575
	2,185,406	1,561,831	1,895,587
Investments in local shares – quoted	665,605	449,654	585,012
Investments in local shares – unquoted	525,198	200,959	285,960
Investments in local funds – unquoted	994,603	911,218	1,024,615
	2,185,406	1,561,831	1,895,587

Investments have been valuated as shown in note 3.

6. Receivables and other debit balances

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Receivables from sale of properties	2,573,537	3,272,409	3,493,062
Deferred income	(162,131)	(162,131)	(253,422)
	2,411,406	3,110,278	3,239,640
Due from related parties (note 16)	619,209	358,191	181,586
Restricted cash against letter of credit	287,522	287,022	850,201
Accrued income	105,310	105,368	180,168
Accrued rents	491,210	491,210	491,210
Other debit balances	1,079,793	1,584,342	1,160,964
	4,994,450	5,936,411	6,103,769
Less: provision for doubtful debts	(1,516,027)	(1,516,027)	(1,731,796)
	3,478,423	4,420,384	4,371,973

7. Investment properties

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Local real estate	1,429,000	5,451,000	5,497,000

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 September 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 1,435,000 as at 30 September 2015).

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

8. Investments in associates

	Ownership %	30 September 2016	Ownership %	31 December 2015 (Audited)	Ownership %	30 September 2015
Ekttitab Holding K.S.C.P	16.08	1,972,367	16.48	1,733,135	16.31	3,095,885
Hits Telecom Holding K.S.C.P	29.22	9,352,231	29.26	8,079,612	29.22	12,342,595
Sarh Capital Real Estate K.S.C.C	41.63	13,350,831	41.63	14,695,591	42.05	14,366,936
		24,675,429		24,508,338		29,805,416

8.1 A part of investments in associates of KD 494,611 as at 30 September 2016 (KD 426,631 as at 31 December 2015, KD 429,826 as at 30 September 2015) is pledged against investment properties creditors.

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

8.3 The Group has recorded its shares of the associates' results based on unaudited financial information as at 30 June 2016, except for Sarh Capital Real Estate K.S.C. (Closed) which based on last available financial information prepared by the associate's management.

8.4 Ekttitab Holding Company and Hits Telecom Holding 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 1,972,367 and KD 9,352,231 respectively as at 30 September 2016.

8.5 During the current period, the Group had reversed impairment in value of investments in associates of KD 1,405,777 based on studies prepared by Parent Company's management taking into consideration selling value of these investments.

9. Payables and other credit balances

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Trade payables	77,676	82,724	79,531
Due to contractors	42,918	232,606	279,730
Investment properties purchase payables	781,250	781,250	781,250
Provision for claims (note 18)	800,000	3,160,661	1,990,000
Due to related parties (note 16)	950,851	1,502,216	1,759,578
Dividends payables	80,148	86,748	322,613
Accrued expenses	164,760	147,603	229,367
Tax deductions	757,094	760,094	767,267
Other credit balances	273,836	280,657	262,675
	3,928,533	7,034,559	6,472,011

10. Wakala payables

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Wakala payables from investment funds	2,522,653	2,522,653	2,522,653

10.1 All Wakala payables were matured as at 30 September 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.

10.2 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 4 May 2017 for exchange acquaintance and settlement.

11. Treasury shares

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Number of shares	17,466,619	17,466,619	17,466,619
Percentage (%)	4.3	4.3	4.3
Market value	768,531	602,598	943,197

The Parent Company is required to retain reserves and share premium equivalent to the cost of treasury shares throughout the period and not distribute it as long as they are held as per instructions of the relevant regulatory authorities. The pledged and restricted treasury shares are 17,300,000 shares (17,300,000 shares as at 31 December 2015 and 30 September 2015).

12. Other reserves

	Employee stock 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	-	2,714,637	-	2,714,637
Balance as at 30 September 2015	490,500	1,068,400	-	1,558,900
Balance as at 1 January 2016	490,500	(232,680)	-	257,820
Total comprehensive (losses)/ income for the period	-	(149,290)	174,821	25,531
Balance as at 30 September 2016	490,500	(381,970)	174,821	283,351

13. Gains/ (losses) from investments

	Three month ended 30 September		Nine month ended 30 September	
	2016	2015	2016	2015
Losses on sale of financial investments at fair value - profit or loss	(5,666)	(3,694)	(30,411)	(23,820)
Change in fair value of financial investments at fair value through profit or loss	19,711	(114,139)	9,311	(218,569)
Gains/ (losses) from sale of available for sale investments	129,762	(28,203)	113,367	3,341,371
Dividends income	-	2,721	20	2,721
	143,807	(143,315)	92,287	3,101,703

14. (Loss)/ earnings per share

(Losses)/ earnings per share is calculated by dividing net (loss)/ profit for the period by the weighted average number of outstanding shares during the period as follows:

	Three month ended 30 September		Nine month ended 30 September	
	2016	2015	2016	2015
Net (loss)/ profit for the period attributable to shareholders of the Parent Company	(633,431)	2,354,356	1,030,329	1,008,824
Weighted average number of issued and outstanding shares during the period	389,598,606	389,598,606	389,598,606	389,598,606
(Loss)/ earnings per share (fils)	(1.63)	6.04	2.64	2.59

15. Investments in subsidiaries

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

Company name	Legal form	Country of incorporation	Activity	Ownership (%) 30 September 2016	31 December 2015 (Audited)	30 September 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 24,117,729 as at 30 September 2016 (KD 28,417,204 as at 31 December 2015, KD 28,224,220 as at 30 September 2015), and its net losses KD 1,482,163 for the period ended 30 September 2016 (net losses KD 5,678,594 for the period ended 30 September 2015).

16. Related parties' transactions

Related parties are representing in the Group's shareholders who have representation in the board of directors, members of the board of directors, senior management, associates, and subsidiaries. In the normal course of business, subject to the Group's management approval, there were transactions with related parties during the period ended 30 September 2016. The related parties significant transactions and outstanding balances are as follows:

	Three month ended 30 September		Nine month ended 30 September	
	2016	2015	2016	2015
Interim condensed consolidated statement of income:				
Key and executive management remunerations	6,000	22,407	6,000	41,441
Acquisition of investments in associates	-	2,748,661	-	2,748,661
Acquisition of investments in subsidiaries	-	108,225	-	4,020,875
Gains on disposal of subsidiaries	-	-	-	2,408
Net provide of provisions and impairment in value	-	-	-	1,057,737

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Interim condensed consolidated statement of financial position :			
Receivables and other debit balances (note 6)	619,209	358,191	181,586
Payables and other credit balances (note 9)	950,851	1,502,216	1,759,578
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 2,195,200 as at 30 September 2016 (KD 1,848,525 as at 31 December 2015 and KD 1,206,645 as at 30 September 2015) 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 2,116,073 as at 30 September 2016 (KD 2,425,473 as at 31 December 2015 and KD 2,470,665 as at 30 September 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 the case has been dismissed as at 30 October 2016 without any liabilities against the Parent Company.
- Group's investment in associates and investment at fair value through profit or loss of KD 3,496,341 and KD 394,721 as at 30 September 2016 respectively (KD 3,010,090 and KD 454,483 as at 31 December 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.

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 nine month period ended 30 September is as follows:

	Real estate		Investment		Total	
	2016	2015	2016	2015	2016	2015
Segment revenue	(167,750)	(731,777)	(913,567)	1,963,174	(1,081,317)	1,231,397
Segment results	(167,750)	(731,777)	(913,567)	1,963,174	(1,081,317)	1,231,397
Segment assets	3,541,977	7,613,652	28,856,389	35,090,622	32,398,366	42,704,274
Segment liabilities	835,418	1,072,230	2,602,801	2,845,266	3,438,219	3,917,496

	2016	2015
Total segment results	(1,081,317)	1,231,397
Other income	53,691	67,617
Income from settlement of credit balances	149,852	8,123,561
Net reversal/ (provide) of provisions and impairment in value	2,462,834	(6,771,537)
General and administrative expense	(1,131,475)	(1,867,723)
Net profit before deductions	453,585	783,315

Total segment assets	32,398,366	42,704,274
Cash and cash equivalents	3,450,507	956,267
Receivables and other debit balances	1,365,446	2,255,321
Property and equipment	119,800	270,842
Total assets	37,334,119	46,186,704

18. Contingent liabilities and contingent 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 September 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 5.2 Million approximately as at 30 September 2016 (KD 5.2 Million approximately as at 31 December 2015) in favor to the portfolio clients. The Group 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 750 thousand from the original settlement 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 for 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 5,950,000. 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.

19. Off balance sheet items

The Group manages portfolios and investment funds on behalf of others, which are not included in the balance sheet of the Group. The net assets of these assets managed on behalf of others amounted to KD 2,584,491 as at 30 September 2016 (KD 8,063,311 as at 31 December 2015 and KD 21,007,201 as at 30 September 2015).