

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

Interim Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2017

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

Interim Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2017

Contents

	Page
Review Report of Interim Consolidated Financial Information	1
Interim Consolidated Statement of Financial Position (Unaudited)	2
Interim Consolidated Statement of Income (Unaudited)	3
Interim Consolidated Statement of Comprehensive Income (Unaudited)	4
Interim Consolidated Statement of Changes in Equity (Unaudited)	5
Interim Consolidated Statement of Cash Flows (Unaudited)	6
Notes to the Interim Consolidated Financial Information (Unaudited)	7 - 17

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait

Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080

www.deloitte.com

Al-ATEEQI
CERTIFIED ACCOUNTANTS

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

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

Report on Interim Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the interim consolidated financial position of Al Madina for Finance and Investment Company – K.S.C.P "the Parent Company" and its subsidiaries ("the Group") as at 31 March 2017, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34: "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim 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 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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which states that the Annual General Meeting for the period ended 31 December 2016 has not yet been convened in accordance with Companies Law No. 1 of 2016. The opening balances for the year ended 31 December 2017 are subject to approval at the forthcoming Annual General Meeting,

Our opinion is not qualified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "Interim Financial Reporting".

Deloitte.

AL-ATEEQI
CERTIFIED ACCOUNTANTS

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

Report on Interim Consolidated Financial Information to the Board of Directors (Continued)

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim 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, or of the Articles and Memorandum of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2017 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2017, that might have had a material effect on the business of the Parent Company or on its financial position, except as disclosed in note 10 to this interim consolidated financial information regarding Wakala payable obtained from investment funds.

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

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

Kuwait
16 May 2017

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

Interim Consolidated Statement of Financial Position
As at 31 March 2017

	Notes	Kuwaiti Dinars 31 March 2017 (Unaudited)	31 December 2016 (Audited)	31 March 2016 (Unaudited)
Assets				
Cash and cash equivalents	3	1,158,887	4,190,646	921,986
Financial investments at fair value - profit or loss	4	1,406,010	1,377,041	2,001,401
Receivables and other debit balances	5	10,324,776	7,382,104	7,780,596
Investments properties	6	1,231,000	1,231,000	1,477,000
Investments in associates	7	23,409,086	21,946,282	24,549,398
Available for sale investments	8	2,345,637	2,130,270	2,394,357
Property and equipment		109,852	110,804	119,525
Total assets		39,985,248	38,368,147	39,244,263
Liabilities and equity				
Liabilities				
Payables and other credit balances	9	4,016,798	4,019,183	5,907,334
Wakala payables	10	2,522,653	2,522,653	2,522,653
Employees' end of service indemnity		171,792	165,786	182,397
Total liabilities		6,711,243	6,707,622	8,612,384
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	4,552,924
Other reserves	11	1,245,256	875,704	272,575
Treasury shares	12	(2,694,680)	(2,694,680)	(2,694,680)
Accumulated losses		(19,688,774)	(20,988,376)	(21,930,352)
Total equity attributable to shareholders of the Parent Company		24,121,249	22,452,095	20,906,990
Non-controlling interests		9,152,756	9,208,430	9,724,889
Total equity		33,274,005	31,660,525	30,631,879
Total liabilities and equity		39,985,248	38,368,147	39,244,263

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

Mohammad Darwesh Al-Shamali
Chairman

Abdul Raouf Tawfiq
Vice chairman

Interim Consolidated Statement of Income
For the three months ended 31 March 2017

	Notes	Kuwaiti Dinars Three months ended 31 March (Unaudited) 2017	 2016
Revenues			
Gains from settlements		-	149,852
Gains/(losses) from investments	13	71,220	(306,529)
Gains/(losses) from investment properties		7,200	(178,506)
Share of results from associates		(1,051,607)	53,286
Gains/ (losses) from investment in associates		28,920	(5,838)
Net reversal of provision and impairment	14	2,428,547	1,174,514
Other income and consultancy service income		67,453	24,596
		1,551,733	911,375
Expenses and other charges			
Other expenses		257,985	507,393
Net profit for the period		1,293,748	403,982
Attributable to:			
Shareholders of the Parent Company		1,299,602	459,814
Non-controlling interests		(5,854)	(55,832)
		1,293,748	403,982
Earnings per share (fils)	15	3.33	1.18

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

Interim Consolidated Statement of Comprehensive Income
For the three months ended 31 March 2017

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2017	2016
Net profit for the period	1,293,748	403,982
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	62,057	14,755
Available for sale investments		
Change in fair value	358,753	-
Transferred to statement of income on sale	(47,345)	-
Total other comprehensive income items	373,465	14,755
Total comprehensive income for the period	1,667,213	418,737
Attributable to:		
Shareholders of the Parent Company	1,669,154	474,569
Non-controlling interests	(1,941)	(55,832)
Total comprehensive income for the period	1,667,213	418,737

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

شركة المدينة للتمويل والاستثمار

Interim Consolidated Statement of Changes in Equity For the three months ended 31 March 2017 (Unaudited)

	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 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 loss for the period	-	-	-	-	459,814	459,814	(55,832)	403,982
Total other comprehensive income items	-	-	-	14,755	-	14,755	-	14,755
Balance as at 31 March 2016	40,706,523	4,552,924	(2,694,680)	272,575	(21,930,352)	20,906,990	9,724,889	30,631,879
Balance as at 1 January 2017	40,706,523	4,552,924	(2,694,680)	875,704	(20,988,376)	22,452,095	9,208,430	31,660,525
Net profit for the period	-	-	-	-	1,299,602	1,299,602	(5,854)	1,293,748
Total other comprehensive income items	-	-	-	369,552	-	369,552	3,913	373,465
Change in non-controlling interests	-	-	-	-	-	-	(53,733)	(53,733)
Balance as at 31 March 2017	40,706,523	4,552,924	(2,694,680)	1,245,256	(19,688,774)	24,121,249	9,152,756	33,274,005

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

Interim Consolidated Statement of Cash Flows
For the three months ended 31 March 2017

	Notes	Kuwaiti Dinars Three months ended 31 March (Unaudited) 2017	2016
Cash flows from operating activities			
Net profit for the period		1,293,748	403,982
Adjustments:			
(Gain)/losses from investments	13	(71,220)	306,529
Gains from settlements		-	(149,852)
Share of results from investments in associates		1,051,607	(53,286)
Gains/ (losses) from investment in associates		(28,920)	5,838
Losses from investment properties		-	224,000
Net reversal of provision and impairment	14	(2,428,547)	(1,174,514)
Depreciation		952	10,284
Provision for employees' end of service indemnity		6,912	18,459
Operating losses before changing in operation assets and liabilities		(175,468)	(408,560)
Financial investments at fair value - profit or loss	4	(22,846)	(316,424)
Receivables and other debit balances	5	(2,942,672)	389,788
Payables and other credit balances	9	(2,388)	47,289
Payment for employees' end of service indemnity		(906)	-
Net cash used in operating activities		(3,144,280)	(287,907)
Cash flows from investing activities			
Paid for purchase of available for sale investments	8	(376,259)	(418,869)
Proceeds from sale of available for sale investments	8	537,397	675,143
Cash paid for purchase of investments in associates	7	(557,080)	(54,019)
Proceeds from sale of investments in associates	7	562,196	75,162
Dividends received		-	20
Net cash generated from investing activities		166,254	277,437
Cash flows from financing activities			
Change in non-controlling interests		(53,733)	-
Net cash used in financing activities		(53,733)	-
Net decrease in cash and cash equivalents		(3,031,759)	(10,470)
Cash and cash equivalents at the beginning of the period		4,190,646	932,456
Cash and cash equivalents at the end of the period	3	1,158,887	921,986

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

1. Incorporation of the Group

Al Madina for Finance and Investment Company (the Parent Company) is a Kuwaiti Public Shareholding Company incorporated in Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Company were listed on Kuwait Stock Exchange on 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 properties. The activities of the Group 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 Regulations of Law No. 1 of 2016 were 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.

The annual general assembly of the shareholders of the company for the year ended 31 December 2016 is yet to be held. The shareholders' general assembly has the power to amend the financial statements for the year ended 31 December 2016.

The interim consolidated financial information was approved for issuance by the Board of Directors on 16 May 2017.

2. Basis of preparation and accounting policies

This interim consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards as adopted in the State of Kuwait for financial institutions subject to regulations of the Central Bank of Kuwait.

The accounting policies used in the preparation of this interim consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016. Amendments to IFRSs, which are effective for annual accounting period starting from 1 January 2017, did not have any material impact on the accounting policies, financial position or performance of the Company..

2.1 The amendments became effective as of 1 January 2017

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	1 January 2018

New and revised IFRSs	Effective for annual periods beginning on or after
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas: • **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial information as and when they are effective.

3. Cash and cash equivalents

	Kuwaiti Dinars		
	31 March 2017	**31 December 2016 (Audited)**	**31 March 2016**
Current Accounts	244,209	3,413,292	463,175
Cash at portfolios and Kuwait Clearing company	902,063	766,776	452,093
Cash on hand	12,615	10,578	6,718
	1,158,887	4,190,646	921,986

4. Financial investments at fair value - profit or loss

	Kuwaiti Dinars		
	31 March 2017	**31 December 2016 (Audited)**	**31 March 2016**
Held for trading investments	1,051,780	936,038	728,535
Designated at inception	354,230	441,003	1,272,866
	1,406,010	1,377,041	2,001,401
Investments in local shares – quoted	1,014,715	936,038	404,296
Investments in foreign shares – quoted	37,065	-	-
Investments in local shares – unquoted	528	85,528	525,198
Investments in local funds – unquoted	353,702	355,475	1,071,907
	1,406,010	1,377,041	2,001,401

4.1 Investments have been valuated based on the valuation techniques as shown in note 20.

5. Receivables and other debit balances

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Receivables from sale of properties	1,905,665	2,190,555	6,711,784
Deferred income	(76,306)	(76,306)	(162,131)
	1,829,359	2,114,249	6,549,653
Due from related parties (note 17)	7,957,694	4,894,702	566,050
Restricted cash against letter of guarantee	70,905	70,905	294,023
Accrued income	110,602	107,532	118,036
Accrued rents	491,210	491,210	491,210
Other debit balances	1,300,866	1,139,366	1,277,651
	11,760,636	8,817,964	9,296,623
Less: provision for doubtful debts	(1,435,860)	(1,435,860)	(1,516,027)
	10,324,776	7,382,104	7,780,596

6. Investments properties

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Local real estate	1,231,000	1,231,000	1,477,000

6.1 The fair value of investment properties has been determined by independent valuers as at 31 December 2016.

6.2 As of 31st March 2017, investments properties of KD 1,231,000 is registered in a related party's name and there is an assignment letter in favor of the Group (KD 1,231,000 as at 31 December 2016, KD 1,429,000 as at 31 March 2016).

7. Investments in associates

	Kuwaiti Dinars					
	Ownership %	31 March 2017	Ownership %	31 December 2016 (Audited)	Ownership %	31 March 2016
Ekttitab Holding Co. K.S.C.P	16.16	2,110,640	16.08	1,869,946	16.32	1,706,157
Hits Telecom Co. K.S.C.P	17.66	7,485,393	17.66	6,263,283	29.26	8,147,650
Sarh Capital Real Estate Company K.S.C.C	41.63	13,813,053	41.63	13,813,053	41.63	14,695,591
		23,409,086		21,946,282		24,549,398

7.1 Investments in associates of KD 655,025 as at 31 March 2017 (KD 548,082 - 31 December 2016, KD 430,225 as at 31 March 2016) are pledged against investment properties creditors.

7.2 Investments in associates include a goodwill of KD 422,742 as at 31 March 2017 (KD 422,742 - 31 December 2016, KD 422,742 as at 31 March 2016).

8. Available for sale investments

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Local investments – quoted	2,345,637	2,130,270	2,394,357

Investments were valued as mentioned in note 20.

9. Payables and other credit balances

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Trade payables	68,266	77,269	78,332
Due to contractors	342,870	326,671	191,654
Payable for purchase of investment properties	781,250	781,250	781,250
Provision for claims (note 19)	1,438,000	1,438,000	1,986,147
Due to related parties (note 17)	109,904	109,904	1,565,592
Dividends payables	80,148	80,148	80,148
Accrued expenses	137,557	146,197	153,843
Tax deductions	788,093	788,093	758,594
Other credit balances	270,710	271,651	311,774
	4,016,798	4,019,183	5,907,334

10. Wakala payables

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Wakala payables from investments fund	2,522,653	2,522,653	2,522,653
	2,522,653	2,522,653	2,522,653

10.1 All Wakala payables have matured previously, but have not been renewed, or paid. The Group had ceased to record finance cost. There is a legal dispute with all parties of the Wakala contracts on the amounts that should be paid. The Group is currently conducting negotiations for settlement of these Wakala.

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 proposal was registered at the Court of Appeal in corporate restructuring Circle and postponed till 4 May 2017 for exchange and review for settlement.

11. Other reserves

	Kuwaiti Dinars			
	Employee share options reserves	Group's share in associates reserves	Change in fair value reserve	Total
Balance as at 1 January 2016	490,500	(232,680)	-	257,820
Total comprehensive income for the period	-	14,755	-	14,755
Balance as at 31 March 2016	490,500	(217,925)	-	272,575
Balance as at 1 January 2017	490,500	106,570	278,634	875,704
Total comprehensive income for the period	-	62,056	307,496	369,552
Balance as at 31 March 2017	490,500	168,626	586,130	1,245,256

12. Treasury shares

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Number of shares	17,466,619	17,466,619	17,466,619
Percentage (%)	4.3	4.3	4.3
Market value	908,264	751,065	576,398

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 8,000,000 shares as at 31 March 2017 (31 December 2016: 17,300,000 shares).

13. Gains/(losses) from investments

	Kuwaiti Dinars	
	Three months ended 31 March	
	2017	2016
Gains/(losses) on sale of financial investments at fair value - profit or loss	23,169	(21,462)
Unrealised loss of financial investments at fair value - profit or loss	(17,046)	(5,244)
Gains/(losses) from sale of available for sale investments	65,097	(279,843))
Dividends income	-	20
	71,220	(306,529)

14. Net reversal of provision and impairment

	Kuwaiti Dinars	
	Three months ended 31 March	
	2017	2016
Net reversal of impairment losses of investments in associates	2,428,547	-
Net reversal of provision for claim	-	1,174,514
	2,428,547	1,174,514

15. Earnings per share

Earnings per share is calculated by dividing net profit for the period by the weighted average number of outstanding shares during the period as follows:

	Kuwaiti Dinars	
	Three months ended 31 March	
	2017	2016
Net profit for the period attributable to shareholders of the Parent Company	1,299,602	459,814
Weighted average number of issued and outstanding shares during the period (share)	389,598,606	389,598,606
Earnings per share (fils)	3.33	1.18

16. Investments in subsidiaries

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

Company name	Legal form	Country of incorporation	Activity	Ownership (%)		
				31 March 2017	31 December 2016 (Audited)	31 March 2016
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

- The financial information of subsidiaries were consolidated based on the management accounts prepared by management of these companies as at 31 March 2017..
- The changes in ownership of Tatweer capital real estate company K.S.C.C increased by 0.16% and British for general trading and contracting company W.L.L. decreased by 99% due to changes in shares held by non-controlling interest holders as a result of addition and redemption. These changes in the ownership resulted in a net gain of KD53 thousand. The changes resulting from deemed ownership changes in these subsidiaries has been recognised in equity.

17. Related parties' transactions

Related parties include Group's shareholders who have representation in the board of directors, members of the board of directors, senior management, associates, and subsidiaries. In the normal course of business, subject to the Group's management approval, there were transactions with related parties during the period ended 31 March. The related parties significant transactions and outstanding balances were as follows:

	Kuwaiti Dinars	
	Three months ended 31 March	
	2017	2016
Transactions		
Key and Executive Management remunerations	10,255	-

	Kuwaiti Dinars		
	31 March 2017	31 December 2016 (Audited)	31 March 2016
Balances			
Receivables and other debit balances	7,957,694	4,894,702	566,050
Payables and other credit balances	109,904	109,904	1,565,592

- The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 2,488,104 as at 31 March 2017 (KD 2,314,010 as at 31 December 2016 and KD 1,695,900 as at 31 March 2016).

- The Group has provided a joint security against a Murabaha payable granted to a related party of KD 2,116,073 as at 31 March 2017 (KD 2,116,073 as at 31 December 2016, KD 2,334,832 as at 31 March 2016). There are legal disputes with respect to those Murabaha and there is a court judgment in a Foreign Court in favor of the creditor, after that the creditor has filed a Lawsuit to execute the above mentioned Judgment in the Kuwaiti Courts and the related party has filed a sub-suit against the creditor, and the Court judged of cancelling the Lawsuit then the related party has filed Commercial Appeal and Court judged of inadmissibility of the Appeal.

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 three months period ended 31 March is as follows:

	Kuwaiti Dinars		Kuwaiti Dinars		Kuwaiti Dinars	
	Real Estate		**Investment finance**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Segment revenue	7,200	(178,506)	(951,467)	(259,081)	(944,267)	(437,587)
Segment results	7,200	(178,506)	(951,467)	(259,081))	(944,267)	(437,587)
Segment assets	2,463,846	7,244,818	27,160,733	28,945,156	29,624,579	36,189,974
Segment liabilities	1,124,120	972,904	5,587,123	7,639,480	6,711,243	8,612,384

	Kuwaiti Dinars	
	2017	**2016**
Total segment result	(944,267)	(437,587)
Other income	67,453	24,596
Gains from settlements	-	149,852
Net reversal of provisions	2,428,547	1,174,514
Other expenses	(257,985)	(507,393)
Net profit	1,293,748	403,982
Total segment assets	29,624,579	36,189,974
Cash and cash equivalents	1,158,887	921,986
Receivables and other debit balances	9,091,930	2,012,778
Property and equipment	109,852	119,525
Total assets	39,985,248	39,244,263

19. Lawsuits and contingent liabilities

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 31 March 2017 (KD 5.6 million approximately as at 31 December 2016 and KD 5.6 million approximately as at 31 March 2016). 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 31 March 2017 (KD 9.1 million approximately as at 31 December 2016) in favor to the portfolio clients. The Group's has signed a settlement agreement to settle these obligations against payment of KD 3.5 Million. Till the last year, the Group has paid an amount of KD 2.06 Million from the settlement amount and provided the necessary provisions for unpaid amounts.

- There is a lawsuit 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 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 76 Million approximately in addition to pay delay interests 5% per year. They have filed an Appeal against this Judgment and the Court of Cassation affirmed the Judgment the Court of Appeal's Judgment obligating the litigant to pay the debt. It is currently in process of executing this Judgment.

20. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of financial instruments other than short term financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specified asset, or a group of similar assets, may be impaired. If such evidence exists any impairment loss is recognised in the statement of profit or loss and other comprehensive income.

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

Financial assets	Kuwaiti Dinars Fair value as at 31 March 2017	31 December 2016 (Audited)	31 March 2016	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	1,014,715	936,038	404,296	Level 1	Last bid price	-	-
Foreign quoted shares	37,065	-	-	Level 1	Last bid price	-	-
Local unquoted shares		-	324,239	Level 2	Discounted cash flows	-	-
Local funds units	353,702	355,475	1,071,907	Level 2	NAV	-	-
Local unquoted shares	528	85,528	200,959	Level 3	N/A	Discount Rate: 8%	Increase of discount rate and decrease of fair value
Available for sale investments							
Local quoted shares	2,345,637	2,130,270	2,394,357	Level 1	Last bid price	-	-

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

21. Off balance sheet items

The Group manages portfolios on behalf of others, which are not included in the balance sheet of the Group. The net assets of these portfolios amounted to KD 2,478,158 as at 31 March 2017 (KD 2,601,323 as at 31 December 2016 and KD 7,566,052 as at 31 March 2016).