

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 months ended 30 September 2017

شركة المدينة للتمويل والاستثمار
AL-MADINA FOR FINANCE AND INVESTMENT

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

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Report on Interim Condensed Consolidated Financial Information to the Board of Directors of Al Madina for Finance and Investment Company – K.S.C.P

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 (together "the Group") as at 30 September 2017, and the related interim condensed consolidated statements of income and statement of comprehensive income for the three months and nine months period then ended and the related interim condensed statement of changes in equity and cash flows for the nine months period then ended. The Group's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation 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 presentation 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 account of the Group. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law no. 1 of 2016, as amended, and its Executive Regulation or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2017 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, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, and its Executive Regulations, 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 months period ended 30 September 2017 that might have had a material effect on the business of the Group or on its consolidated financial position, except as disclosed in note 10 to this interim condensed consolidated financial information regarding Wakala payable obtained from investment funds, which is in violation of the instructions of Central Bank of Kuwait

Bader A. Al-Wazzan
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Kuwait
13 November 2017

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 2017
(Unaudited)

	Notes	30 September 2017 (Unaudited)	31 December 2016 (Audited)	30 September 2016 (Unaudited)
		Kuwaiti Dinars		
Assets				
Cash and bank balance	3	260,934	4,261,551	3,738,029
Financial investments at fair value through profit or loss	4	2,030,121	1,377,041	2,185,406
Receivables and other debit balances	5	7,280,362	7,311,199	3,190,901
Investments properties	6	1,231,000	1,231,000	1,429,000
Investments in associates	7	25,876,177	21,946,282	24,675,429
Available for sale investments	8	2,086,641	2,130,270	1,995,554
Property and equipment		54,184	110,804	119,800
Total assets		38,819,419	38,368,147	37,334,119
Liabilities and equity				
Liabilities				
Payables and other credit balances	9	3,171,969	4,019,183	3,928,533
Wakala payables	10	2,522,653	2,522,653	2,522,653
Employees' end of service indemnity		204,390	165,786	187,686
Total liabilities		5,899,012	6,707,622	6,638,872
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	948,979	875,704	283,351
Treasury shares	12	(2,694,680)	(2,694,680)	(2,694,680)
Accumulated losses		(20,131,090)	(20,988,376)	(21,359,837)
Total equity attributable to shareholders of the Parent Company		23,382,656	22,452,095	21,488,281
Non-controlling interests		9,537,751	9,208,430	9,206,966
Total equity		32,920,407	31,660,525	30,695,247
Total liabilities and equity		38,819,419	38,368,147	37,334,119

The attached notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Mohammad Darwesh Al-Shamali
Chairman

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2017 (Unaudited)

	Notes	Kuwaiti Dinars			
		Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
Revenues					
Gains from settlements		-	-	-	149,852
(Loss)/gain from investments	13	(244,441)	143,807	(324,932)	92,287
Gains/(losses) from investment properties		2,850	(39,350)	11,300	(167,750)
Share of profit from associates	14	1,072,940	1,361	5,954	(1,023,199)
Gains/(losses) from sale of investment in associates		149,352	261,929	414,384	(4,274)
Net (charge)/reversal of provision and impairment	15	-	(805,152)	2,018,786	2,462,834
Other income and consultancy service income		(14,649)	6,455	91,368	75,310
		966,052	(430,950)	2,216,860	1,585,060
Expenses and other charges					
Other expenses		(397,521)	(225,207)	(975,260)	(1,131,475)
Net profit/(loss) for the period		568,531	(656,157)	1,241,600	453,585
Attributable to:					
Shareholders of the Parent Company		209,723	(633,431)	857,286	1,030,329
Non-controlling interests		358,808	(22,726)	384,314	(576,744)
Net profit/(loss) for the period		568,531	(656,157)	1,241,600	453,585
Earnings/(loss) per share	16	0.54	(1.63)	2.2	2.64

The attached notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2017 (Unaudited)

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net profit/(loss) for the period	568,531	(656,157)	1,241,600	453,585
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	(133,979)	46,885	116,038	(114,067)
Transferred to statement of income on sales	66,150	(26,090)	35,396	(35,223)
	(67,829)	20,795	151,434	(149,290)
Available for sale investments				
Change in fair value	(76,897)	149,425	13,702	291,177
Transferred to statement of income on sale	(25,581)	(129,762)	(93,121)	(113,367)
Total other comprehensive (loss)/income items	(170,307)	40,458	72,015	28,520
Total comprehensive (loss)/income for the period	398,224	(615,699)	1,313,615	482,105
Attributable to:				
Shareholders of the Parent Company	40,859	(594,421)	930,561	1,055,860
Non-controlling interests	357,365	(21,278)	383,054	(573,755)
Total comprehensive (loss)/income for the period	398,224	(615,699)	1,313,615	482,105

The attached notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2017 (Unaudited)

	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 11)	Accumulated losses	Total		
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)	1,109,742
Total other comprehensive income	-	-	-	25,531	-	25,531	2,989	(11,938)
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	31,310,946
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	-	-	-	-	857,286	857,286	384,314	1,241,600
Total other comprehensive income	-	-	-	73,275	-	73,275	(1,260)	72,015
Change in non-controlling interests	-	-	-	-	-	-	(53,733)	(53,733)
Balance as at 30 September 2017	40,706,523	4,552,924	(2,694,680)	948,979	(20,131,090)	23,382,656	9,537,751	32,920,407

The attached notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2017 (Unaudited)

	Note	Kuwaiti Dinars	
		Nine months ended 30 September	
		2017	2016
Cash flows from operating activities			
Net profit for the period		1,241,600	453,585
Adjustments:			
(Loss)/gain from investments	13	324,932	(92,287)
Gains from settlements		-	(149,852)
Share of profit from investments in associates		(5,954)	1,023,199
Gains/(losses) from sale of investment in associates		(414,384)	4,274
Loss from investment properties		-	232,000
Net reversal of provision and impairment	15	(2,018,786)	(2,462,834)
Depreciation		2,025	34,720
Provision of employees' end of service indemnity		89,451	23,748
Operating losses before change in operation assets and liabilities		(781,116)	(933,447)
Financial investments at fair value through profit or loss		(1,071,134)	(494,823)
Receivables and other debit balances		114,317	941,961
Payables and other credit balances		(847,698)	(1,795,365)
Payment for employees' end of service indemnity		(50,847)	
Net cash used in operating activities		(2,636,478)	(2,281,674)
Cash flows from investing activities			
Paid for purchase of available for sale investments		(786,931)	(1,256,644)
Proceeds from sale of available for sale investments		845,524	2,229,137
Dividends received		-	20
Cash paid for purchase of investments in associates		(5,633,538)	(162,079)
Proceeds from sale of investments in associates		4,210,725	224,002
Proceeds from sale of investment properties		-	3,790,000
Proceeds from sale of property and equipment		54,594	-
Paid for purchase of property and equipment		-	(24,711)
Net cash (used in)/ generated from investing activities		(1,309,626)	4,799,725
Cash flow from financing activities			
Change in non-controlling interests		(53,733)	-
Net cash used in financing activities		(53,733)	-
Net (decrease)/increase in cash and cash equivalents		(3,999,837)	2,518,051
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	190,809	3,450,507

The attached notes on pages 7 to 17 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" and its subsidiaries ("the Group") 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 in Kuwait Stock Exchange on 24 April 2006.

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

The principle activities of the Parent Company are investing activities, finance and management of funds and rights, trading and leasing of properties. The activities of the Parent Company are carried out in accordance with Noble Islamic Sharia principles.

The Annual General Assembly meeting of the shareholders of the Parent Company held on 13 June 2017 approved the consolidated financial statements for the year ended 31 December 2016.

The interim condensed consolidated financial information was approved for issuance by the Board of Directors on 13 November 2017.

2. Basis of preparation and accounting policies

This interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard No. (34), "Interim Financial Reporting" except as noted below:

The annual financial statements for the year ended 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulation requires adoption of all IFRS except for the IAS 39, Financial Instruments: Recognition and Measurement, requirement for a collective provision, which has been replaced by the CBK's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016. Further operation results for the nine months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 Group 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. 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.	1 January 2018

New and revised IFRSs	Effective for annual periods beginning on or after
• **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
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

New and revised IFRSs	Effective for annual periods beginning on or after
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 Group's financial information as and when they are effective.

3. Cash and bank balance

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Current accounts	157,535	3,413,292	2,754,420
Restricted cash against letter of credit	70,125	70,905	287,522
Cash at portfolios and Kuwait Clearing company	4,327	766,776	684,582
Cash on hand	28,947	10,578	11,505
Cash and bank balances as per statement of financial position	260,934	4,261,551	3,738,029
Less: Restricted cash against letter of credit	(70,125)	(70,905)	(287,522)
Cash and cash equivalents	190,809	4,190,646	3,450,507

4. Financial investments at fair value through profit or loss

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Held for trading investments	1,678,675	936,038	665,605
Designated at inception	351,446	441,003	1,519,801
	2,030,121	1,377,041	2,185,406
Investments in local shares – quoted	1,678,675	936,038	665,605
Investments in local shares – unquoted	528	85,528	525,198
Investments in local funds – unquoted	350,918	355,475	994,603
	2,030,121	1,377,041	2,185,406

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

5. Receivables and other debit balances

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Receivables from sale of properties	1,389,856	2,190,555	2,573,537
Deferred income	(76,306)	(76,306)	(162,131)
	1,313,550	2,114,249	2,411,406
Due from related parties (note 17)	5,602,127	4,894,702	619,209
Accrued income	128,258	107,532	105,310
Accrued rents	491,210	491,210	491,210
Other debit balances	1,097,597	1,139,366	1,079,793
	8,632,742	8,747,059	4,706,928
Less: provision for doubtful debts	(1,352,380)	(1,435,860)	(1,516,027)
	7,280,362	7,311,199	3,190,901

6. Investment properties

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Local real estate	1,231,000	1,231,000	1,429,000

6.1 The fair value of investment properties has been determined by independent valuers as at 31 December 2016.The management believes that the fair value of the Investment property has not been significantly changed from 31 December 2016.

6.2 As of 30th September 2017, investments properties of KD 1,231,000 was 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 30 September 2016).

7. Investments in associates

	Kuwaiti Dinars					
	Ownership %	30 September 2017	Ownership %	31 December 2016 (Audited)	Ownership %	30 September 2016
Ekttitab Holding Co. K.S.C.P	16.17	2,108,622	16.08	1,869,946	16.08	1,972,367
AAN Digital Services Holding Co. K.P.S.C.	14.83	6,101,089	17.66	6,263,283	29.22	9,352,231
Sarh Capital Real Estate Company K.S.C.C	48.71	17,666,466	41.63	13,813,053	41.63	13,350,831
		25,876,177		21,946,282		24,675,429

7.1 On July 9, 2017 Hits Telecom Holding Co. change name of the company to become AAN Digital Service Holding Company.

7.2 Investments in associates of KD 635,950 as at 30 September 2017 (KD 548,082 as at 31 December 2016, KD 494,611 as at 30 September 2016) is pledged against purchase of investment properties.

7.3 Ekttitab Holding Company K.S.C.P and AAN Digital Service Holding Company K.P.S.C shares are listed on Kuwait Stock Exchange. Based on published quoted prices, the market value of Ekttitab Holding Co. K.S.C.P is KD 1,756,679 as at 30 September 2017 (KD 1,869,946 as at 31 December 2016, KD 1,972,367 as at 30 September 2016) and AAN Digital Service Holding Company K.P.S.C is KD 4,732,304 as at 30 September 2017 (KD 6,263,283 as at 31 December 2016, KD 9,352,231 as at 30 September 2016).

7.4 The management believe the carrying amount of investments in Ekttitab Holding Company and AAN Digital Service Holding Company are not impaired based on assessment of discounted free cash flows at the investee companies.

7.5 During the current quarter, Sarh Capital Real Estate Company K.S.C.C has issued additional share 38,160,220 at par (100 fils) to the group for settlement of loans provided (note 5). As a result the group holds 48.71% of issued share capital of Sarh Capital as of 30th September 2017 (41.63 % as of 31 December 2016 and 41.63% as of 30th September 2016). Accordingly Madina Group holds effective holding of 31.66% through its subsidiary, Tatweer Capital Real Estate co. K.S.C.C, stake of Sarh Capital as of 30th September 2017 (27.06% as of 31 December 2016 and 27.06% as of 30th September 2016).

7.6 During the period, the Group had reversed impairment in value of investments in associates of KD 1,935,306 based on studies prepared by Parent Company's management taking into consideration recoverable value of these investments.

7.7 Ekttitab Holding Company K.S.C.P and AAN Digital Service Holding Company results are booked on the basis of latest information available which is unaudited financial information as of 30th June 2017.

7.8 Sarh Capital Real Estate Company K.S.C.C. results are booked on the basis of management accounts as of 30th September 2017.

8. Available for sale investments

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Local investments – quoted	2,086,641	2,130,270	1,995,554
	2,086,641	2,130,270	1,995,554

Investments were valuated as mentioned in note 20.

9. Payables and other credit balances

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Trade payables	66,755	77,269	77,676
Due to contractors	289,581	326,671	42,918
Payable for purchase of Investment properties	781,250	781,250	781,250
Provision for claims (note 19)	688,000	1,438,000	800,000
Due to related parties (note 17)	54,280	109,904	950,851
Dividends payables	112,372	80,148	80,148
Accrued expenses	143,961	146,197	164,760
Tax provisions	785,093	788,093	757,094
Other credit balances	250,677	271,651	273,836
	3,171,969	4,019,183	3,928,533

10. Wakala payables

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Wakala payables to 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 In prior 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 of the facility 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 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 loss for the period	-	(149,290)	174,821	25,531
Balance as at 30 September 2016	490,500	(381,970)	174,821	283,351
Balance as at 1 January 2017	490,500	106,570	278,634	875,704
Total comprehensive income for the period	-	151,434	(78,159)	73,275
Balance as at 30 September 2017	490,500	258,004	200,475	948,979

12. Treasury shares

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Number of shares	17,466,619	17,466,619	17,466,619
Percentage (%)	4.3	4.3	4.3
Market value	798,224	751,065	768,531
Cost value	2,694,680	2,694,680	2,694,680

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 30 September 2017 (17,300,000 shares as at 31 December 2016 and 30 September 2016).

13. (Loss)/gain from investments

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
(Losses)/gains on sale of financial investments at fair value - profit or loss	16,263	(5,666)	18,737	(30,411)
Unrealised loss of financial investments at fair value - profit or loss	(286,285)	19,711	(436,790)	9,311
Gains/(losses) from sale of available for sale investments	25,581	129,762	93,121	113,367
Dividends income	-	-	-	20
	(244,441)	143,807	(324,932)	92,287

14. Share of profit from associates

It includes bargain gain of KD 1,276,258 on account of acquisition of additional shares in Sarh Capital.

15. Net (charge)/reversal of provision and impairment

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net (charge)/reversal of impairment losses of investments in associates	-	(805,152)	1,935,306	2,462,834
Net reversal of provision for claim and debts	-	-	83,480	-
	-	(805,152)	2,018,786	2,462,834

16. Earnings/(loss) 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:

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net profit/(loss) for the period attributable to shareholders of the Parent Company	209,723	(633,431)	857,286	1,030,329
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	0.54	(1.63)	2.2	2.64

17. 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 September 2017	31 December 2016 (Audited)	30 September 2016
Real Capita and its Subsidiaries	W.L.L.	Kuwait	General trading	99	99	99
Murgan One Co	W.L.L.	Cayman Island	Real estate	100	100	100
Held through Real Capita						
Dar Al-Bayraq for General trading and Contracting Co & its Subsidiaries	W.L.L.	Kuwait	General trading & Contracting	98	98	98
Morlo for General Trading	W.L.L.	Kuwait	General trading	99	99	99
Dasman United Real Estate	W.L.L.	Kuwait	Real estate	99	99	99
Held through Dar Al Bayraq						
Tatweer Capital Real Estate co. and its Subsidiaries	K.S.C.C.	Kuwait	Real estate	67.08	66.92	66.92
Held through Tatweer capital real estate co.						
Halawani Saber For General Trading & Contracting Co	W.L.L.	Kuwait	General trading & Contracting	-	99	99
Economic Pen for Publishing, Distribution & Advertising Co	W.L.L	Kuwait	Publishing, Distribution &Advertising	99	99	99
Develop for General Trading & Contracting Co	W.L.L	Kuwait	General trading & Contracting	99	99	99
British United Company for General Trading & Contracting Co	W.L.L	Kuwait	General trading & Contracting	-	99	99

- The changes in ownership of Tatweer capital real estate company K.S.C.C increased by 0.16% , British for General Trading and Contracting company W.L.L. decreased by 99% and Halwani Saber for general trading & 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 KD 53 thousand. The changes resulting from deemed ownership changes in these subsidiaries has been recognised in equity.

18. Related parties' transactions

Related parties are 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 2017. The related parties significant transactions and outstanding balances are as follows:

	Kuwaiti Dinars			
	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Transactions				
Key and executive management remunerations	13,139	6,000	33,649	6,000

	Kuwaiti Dinars		
	30 September 2017	31 December 2016 (Audited)	30 September 2016
Balances			
Receivables and other debit balances	5,602,127	4,894,702	619,209
Payables and other credit balances	54,280	109,904	950,851
Interest	-	-	-

- The Group manages portfolios on behalf of related parties on a fiduciary capacity amounted to KD 13,496,007 as at 30 September 2017 (KD 2,314,010 as at 31 December 2016 and KD 2,195,200 as at 30 September 2016) 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 2,116,073 as at 30 September 2017 (KD 2,116,073 as at 31 December 2016 and KD 2,116,073 as at 30 September 2016). There are disputes with respect to those Murabaha. There was a court judgment from a Foreign Court in favor of the lender who filed a Lawsuit to execute the above-mentioned Judgment in the Kuwait Court. Cassation Court in Kuwait submitted a final court ruling rejecting the application for execution of that foreign judgment. The Related Party filed a Counterclaim, and it is now before the Court of Cassation. During the current period, the lender filed a new case regarding the merit of the dispute. Now, this case is before the Court of First Instance. Hearing will be held on December 2017.

19. 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 months period ended 30 September is as follows:

	Kuwaiti Dinars					
	Real estate		Investment		Total	
	2017	2016	2017	2016	2017	2016
Segment revenue	11,300	(167,750)	95,406	(935,186)	106,706	(1,102,936)
Segment results	11,300	(167,750)	95,406	(935,186)	106,706	(1,102,936)
Segment assets	1,926,362	3,058,571	29,992,940	28,856,389	31,919,302	31,914,960
Segment liabilities	1,070,831	824,168	4,828,184	5,814,704	5,899,015	6,638,872

	Kuwaiti Dinars	
	2017	2016
Total segment results	106,706	(1,102,936)
Other income	91,367	75,310
Gains from settlements	-	149,852
Net reversal of provisions	2,018,787	2,462,834
Other expenses	(975,260)	(1,131,475)
Net profit	1,241,600	453,585
Total segment assets	31,919,302	31,914,960
Cash and cash equivalents	190,809	3,450,507
Receivables and other debit balances	6,655,124	1,848,852
Property and equipment	54,184	119,800
Total assets	38,819,419	37,334,119

20. 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 September 2017 (KD 5.6 million approximately as at 31 December 2016 and KD 5.6 million approximately as at 30 September 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 6.2 million approximately as at 30 September 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 current period, the Group has paid an amount of KD 2.8 Million from the settlement amount and provided the necessary provisions for unpaid amounts.
- There is a lawsuit of settlement of accounts from one of the investment properties creditor. Creditor filed a case against the company but it was rejected in the court of first instance and then creditor 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 of 5% per year. They have filed an Appeal against this Judgment and the Court of Cassation affirmed the Judgment to the Court of Appeal's Judgment obligating the litigant to pay the debt. It is currently in process of executing this Judgment.

21. 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 Group 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:

	Kuwaiti Dinars						
	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 September 2017	31 December 2016 (Audited)	30 September 2016				
Financial investments at fair value – profit or loss							
Local quoted shares	1,678,675	936,038	665,605	Level 1	Bid price	-	-
Local funds units	350,918	355,475	994,603	Level 2	NAV	-	-
Local unquoted shares	-	-	324,239	Level 2	Bid price	-	-
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	2,086,641	2,130,270	1,995,554	Level 1	Bid price	-	-

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

22. 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 16,325,112 as at 30 September 2017 (KD 2,601,323 as at 31 December 2016 and KD 2,584,491 as at 30 September 2016).

23. Comparatives

Certain prior period amounts have been regrouped to confirm with current period presentation, but with no effect on previously reported net profit or equity.