

**Al Madar Finance and Investment Company K.P.S.C.  
and its subsidiaries  
State of Kuwait**

**Interim condensed consolidated financial information (Unaudited)  
and independent auditors' review report  
For the three month period ended 31 March 2016**

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries  
State of Kuwait**

**Interim condensed consolidated financial information (Unaudited)  
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**The Board of Directors**  
**Al Madar Finance and Investment Company K.P.S.C.**  
**State of Kuwait**

**Independent auditors' report on review of interim condensed consolidated financial information**

***Introduction***

We have reviewed the accompanying interim condensed consolidated financial information of Al Madar Finance and Investment Company K.P.S.C ("The Parent Company") and its subsidiaries (together referred to as "the Group") which comprise the interim condensed consolidated statements of financial position as at 31 March 2016, and the related interim condensed 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 condensed consolidated financial information in accordance with International Accounting Standards 34: Interim Financial Reporting. 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 Auditors 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 International Accounting Standard 34.

***Emphasis of a matter***

Without qualifying our conclusion, we draw attention to note 20 of the interim condensed consolidated financial information which indicates that current liabilities of the Group exceeded its current assets with an amount of KD 17,728,264 as at 31 March 2016 (31 December 2015: KD 17,214,309 & 31 March 2015: KD 16,829,290).

**Independent auditors' report on review of interim condensed consolidated financial information  
(continued)**

**Report on Other Legal and Regulatory Matters**

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account 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, the Executive Regulations, Law No. 7 of 2010 in respect of the establishment of Capital Market Authority and the organisation of the securities activity and its Executive Regulation or of the Parent Company's Articles and Memorandum of Association as amended have occurred during the three month period ended 31 March 2016, that might have had a material effect on Group's activities or on its interim condensed consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the three months period ended 31 March 2016 of the provisions of Law No. 32 of 1968, as amended, concerning monetary, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.



**Qais M. Al Nisf**  
**Licence No. 38 "A"**  
**BDO Al Nisf & Partners**



**Ali A. Al-Hasawi**  
**Licence No. 30 -A**  
**Rödl Middle East**  
**Burgan – International Accountants**

**Kuwait: 17 May 2016**



**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)**  
**As at 31 March 2016**

		<b>31 March</b>	<b>(Audited)</b>	<b>31 March</b>
		<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>Notes</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Assets</b>				
Bank balances and cash	5	977,389	657,800	795,808
Term deposits		-	-	200,000
Investments at fair value through statement of income	6	1,653,628	1,890,643	3,304,237
Receivables and other debit balances	7	5,152,289	5,708,886	6,470,971
Due from related parties	13	1,042,850	1,020,321	1,013,746
Available for sale investments	8	63,383	63,353	79,193
Investment properties	9	25,801,274	25,878,659	29,455,046
Investments in associates	10	1,295,634	1,383,233	1,616,054
Property, plant and equipment		7,223,910	7,247,178	7,184,029
Intangible assets		368,079	379,952	415,573
<b>Total assets</b>		<b>43,578,436</b>	<b>44,230,025</b>	<b>50,534,657</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Wakala payables	11	23,067,827	23,026,904	23,770,525
Payables and other credit balances	12	1,796,812	1,820,199	4,265,446
Due to related parties	13	1,841,769	1,796,844	798,048
Employees' end of service benefit		875,689	837,018	723,560
<b>Total liabilities</b>		<b>27,582,097</b>	<b>27,480,965</b>	<b>29,557,579</b>
<b>Equity</b>				
Share capital		21,386,865	21,386,865	21,386,865
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	15	(4,573,296)	(4,573,296)	(4,573,296)
Change of fair value reserve		(15,855)	(15,885)	(45)
Revaluation surplus		147,324	147,324	85,479
Foreign currency translation reserve		87,804	126,890	(438)
Other reserve		(122,147)	(122,147)	-
Accumulated losses		(8,028,437)	(7,324,047)	(5,027,694)
<b>Total equity attributable to the shareholders of Parent Company</b>		<b>13,872,554</b>	<b>14,616,000</b>	<b>16,861,167</b>
Non-controlling interests		2,123,785	2,133,060	4,115,911
<b>Total equity</b>		<b>15,996,339</b>	<b>16,749,060</b>	<b>20,977,078</b>
<b>Total equity and liabilities</b>		<b>43,578,436</b>	<b>44,230,025</b>	<b>50,534,657</b>

The accompanying notes on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

  
**Nabeel Ahmed Mohammed Ameen**  
*Chief Executive Officer*

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of income (Unaudited)**  
For the three month period ended 31 March 2016

	Note	For the three month period ended 31 March	
		2016	2015
		KD	KD
<b>Revenues</b>			
Rental income		355,265	361,611
Net sales profit		195,272	328,457
Investment services revenues		28,680	35,072
Finance revenues / (Murabaha)		26,745	-
Realized gain on sale of investments at fair value through statement of income		-	343
Change in fair value of investments at fair value through statement of income		(236,888)	(4,277)
Realized gain on sale of available for sale investments		-	875
Share of results of associates		(25,534)	21,931
Gain on sale of investment properties		18,553	-
Other income		28,191	57,310
<b>Total revenues</b>		<u>390,284</u>	<u>801,322</u>
<b>Expenses and other charges</b>			
General and administrative expenses		(881,130)	(917,904)
Provision for doubtful debts		(181,896)	(186,480)
Wakala finance costs		(40,923)	(114,878)
<b>Total expenses and other charges</b>		<u>(1,103,949)</u>	<u>(1,219,262)</u>
<b>Loss for the period</b>		<u>(713,665)</u>	<u>(417,940)</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		(704,390)	(429,477)
Non-controlling interests		(9,275)	11,537
<b>Loss for the period</b>		<u>(713,665)</u>	<u>(417,940)</u>
<b>Basic and diluted loss per share attributable to shareholders of the Parent Company/(fils)</b>	14	<u>(3.40)</u>	<u>(2.07)</u>

The accompanying notes on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of comprehensive income (Unaudited)**  
For the three month period ended 31 March 2016

	<b>For the three month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>
Loss for the period	(713,665)	(417,940)
<b>Other comprehensive income items:</b>		
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Changes in fair value in available for sale investments	30	(15)
Foreign currency translation reserve	(39,086)	-
Total other comprehensive loss	(39,056)	(15)
<b>Total comprehensive loss for the period</b>	<b>(752,721)</b>	<b>(417,955)</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	(743,446)	(429,492)
Non-controlling interests	(9,275)	11,537
	<b>(752,721)</b>	<b>(417,955)</b>

The accompanying notes on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of changes in equity (Unaudited)**  
**For the three month period ended 31 March 2016**

	Share capital KD	Share premium KD	Treasury shares KD	Change of fair value reserve KD	Revaluation surplus KD	Foreign currency translation reserve KD	Other reserve KD	Accumulated losses KD	Total Equity attributable to the shareholders of the Parent Company KD	Non-controlling interests KD	Total equity KD
<b>At 1 January 2015</b>	21,386,865	4,990,296	(4,573,296)	(30)	85,479	(438)	-	(4,598,217)	17,290,659	4,104,374	21,395,033
(Loss)/profit for the period	-	-	-	-	-	-	-	(429,477)	(429,477)	11,537	(417,940)
Other comprehensive loss	-	-	-	(15)	-	-	-	-	(15)	-	(15)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	(15)	-	-	-	(429,477)	(429,492)	11,537	(417,955)
<b>31 March 2015</b>	<u>21,386,865</u>	<u>4,990,296</u>	<u>(4,573,296)</u>	<u>(45)</u>	<u>85,479</u>	<u>(438)</u>	<u>-</u>	<u>(5,027,694)</u>	<u>16,861,167</u>	<u>4,115,911</u>	<u>20,977,078</u>
<b>At 1 January 2016</b>	21,386,865	4,990,296	(4,573,296)	(15,885)	147,324	126,890	(122,147)	(7,324,047)	14,616,000	2,133,060	16,749,060
Loss for the period	-	-	-	-	-	-	-	(704,390)	(704,390)	(9,275)	(713,665)
Other comprehensive income/(loss)	-	-	-	30	-	(39,086)	-	-	(39,056)	-	(39,056)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	30	-	(39,086)	-	(704,390)	(743,446)	(9,275)	(752,721)
<b>31 March 2016</b>	<u>21,386,865</u>	<u>4,990,296</u>	<u>(4,573,296)</u>	<u>(15,855)</u>	<u>147,324</u>	<u>87,804</u>	<u>(122,147)</u>	<u>(8,028,437)</u>	<u>13,872,554</u>	<u>2,123,785</u>	<u>15,996,339</u>

The accompanying notes on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.



**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of cash flows (Unaudited)**  
For the three month period ended 31 March 2016

		Three months ended 31 March	
		2016	2015
Note		KD	KD
<b>OPERATING ACTIVITIES</b>			
	Net loss for the Period	(713,665)	(417,940)
	<i>Adjustments for:</i>		
	Depreciation and amortization	81,426	60,996
	Wakala finance costs	40,923	114,878
	Change in fair value of investments at fair value through statement of income	236,888	4,277
	Realized gain on sale of investments at fair value through statement of income	-	(343)
	Realized gain on sale of available for sale investments	-	(875)
	Gain on sale of investment properties	(18,553)	-
	Share of results of associates	25,534	(21,931)
	Provision for doubtful debts	181,896	186,480
	Foreign currency translation differences	7,552	-
	Employees' end of service benefits	47,171	77,337
	<i>Operating( loss)/ profit before calculating effect of changes in working capital items</i>	(110,828)	2,879
	Investments at fair value through statement of income	(7,425)	(137,991)
	Receivables and other debit balances	374,701	262,596
	Related parties - net	22,396	(1,171,621)
	Payables and other credit balances	(408)	1,945,655
	Cash flows generated from operations	278,436	901,518
	Employees' end of service benefits paid	(8,500)	(2,663)
	<b>Net cash flows generated from operating activities</b>	<b>269,936</b>	<b>898,855</b>
<b>INVESTING ACTIVITIES</b>			
	Proceeds on sale of available for sale investments	-	2,125
9	Paid for purchase of investment properties	(13,802)	(270,208)
	Proceeds on sale of investment properties	109,740	-
	Paid for purchase of property, plant and equipment	(46,285)	(27,374)
	Proceeds on sale of property and equipment	-	356,626
	<b>Net cash flows generated from investment activities</b>	<b>49,653</b>	<b>61,169</b>
<b>FINANCING ACTIVITIES</b>			
	Wakala payables	-	(671,874)
	Effect of change in non-controlling interests	-	11,537
	<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(660,337)</b>
	Net increase in bank balances and cash	319,589	299,687
	Foreign currency translation differences	-	14,951
	Bank balances and cash at the beginning of the period	657,800	481,170
	<b>Bank balances and cash at the end of the period</b>	<b>977,389</b>	<b>795,808</b>

The Group had the following non-cash transactions during the period, which are not reflected in the interim condensed consolidated statement of cash flows.

**Non-cash transactions:**

Dividends received from an associate	22,979	-
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The accompanying notes on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries  
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2016

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**1. General information**

Al Madar Finance and Investment Company – K.P.S.C. (“the Parent Company”) was incorporated on 23 November 1998. The Parent Company is registered with the Central Bank of Kuwait (CBK) and Capital Market Authority (CMA) as an investment company. It is listed in the Kuwait Stock Exchange on 20 June 2005.

The Parent Company is principally engaged in the following activities in compliance with the Islamic Sharia as follows:

- Promoting and marketing shares and bonds for the favor of the companies.
- Investment in all types of movables whether for its own favor or for others by way of agency or brokerage except trading in commodities for its favor.
- Lending, borrowing and financing international trading transactions as well as issue and exchange of Islamic bonds of all kinds and forms for its clients.
- Management of portfolio and third party funds.
- Purchase, lease, acquisition, rent, licensing of all kinds of investment equipment and subsequently sale or disposal thereof in any other way.
- Real estate investment for its own account or for third parties.
- Providing research and studies and other technical services related to investment and employing funds for others.
- Establishing and managing investment funds as per relevant laws and regulations and after approval of concerned parties.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Parent Company may also incorporate, purchase and/or participate in incorporation of such entities or affiliate them.

The Parent Company is domiciled in Kuwait and its registered office is P.O. Box 1376, Safat 13014, Kuwait.

The Parent Company is a subsidiary of Istihwaz Holding Company K.S.C. (Closed) (“the Ultimate Parent Company”).

The Companies Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the “Companies Law”), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012. This Law shall be applicable as of 26 November 2012.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2016

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**1. General information (Continued)**

Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The consolidated condensed interim financial information for the three month period ended 31 March 2016 was authorized for issue by the Board of Directors on 17 May 2016.

**2. Basis of preparation**

These interim condensed consolidated financial information of Al-Madar Finance & Investment K.S.C (Public) and its subsidiaries (together referred to as "the Group") are prepared in accordance with International Accounting Standard No. 34: "Interim Financial Reporting" and the instructions of CMA and CBK.

This interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as modified for use by the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision of 1% for cash facilities and 0.5% for non-cash facilities. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, please refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2015.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The accounting policies adopted in the preparation of the consolidated financial statements for the financial year ended 31 December 2015 are consistent with those followed in the interim condensed consolidated financial information, except for the adoption of new standards and the following amendments effective as of 1 January 2016. The nature and the impact of such changes are described below. New standards and amendments apply for the first time in 2016. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The nature and the impact of each new standard/amendment is described below:

**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three month period ended 31 March 2016**

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**2. Basis of preparation (Continued)**

**a) New standards and amendments effective from 1 January 2016**

Certain new and amended standards have been effective for the current period. However, the Group does not have to change its accounting policy or make adjustments retroactively as a result of adoption of these standards:

- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 – Equity method in separate financial statements
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
- 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
- IFRS 14 – Regulatory Deferral Accounts
- Annual Improvements to IFRSs 2012–2014 Cycle

**b) Standards issued but not effective**

The following new IASB Standards have been issued but are not yet effective, and have not been adopted by the group:

*IFRS 9 Financial Instruments*

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group's management anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group management undertakes a detailed review.

*IFRS 15 - Revenue from contracts with customers*

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS and plans to adopt the new standard on the required effective date.

**Al Madar Finance and Investment Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2016

**3. Basis of consolidation**

The interim condensed consolidated financial information includes the financial information of Al Madar Finance and Investment Company K.P.S.C and its following subsidiaries:

Name of subsidiaries	Country of incorporation	Activity	Voting rights and equity interest %		
			(Audited)		
			31 March 2016	31 December 2015	31 March 2015
Dar Al-Thuraya Real Estate Co. K.P.S.C.	Kuwait	Real estate	88.35%	88.35%	88.35%
Fiduciary International for Programming and Printing Software Company W.L.L.*	Kuwait	Programming and operating computer, printing and distribution of software and computers	99%	99%	99%
Al Madar Real Estate Development K.S.C (Closed) *	Kuwait	Real estate	98.5%	98.5%	59.28%
Al Murooj Gulf L.L.C.	Oman	Real estate	-	-	75%
Althuraya for Warehousing & Cold Storage K.S.C. (Closed) *	Kuwait	Warehousing	96%	96%	96%

\* During the period, the Group has consolidated the interim condensed financial information of Fiduciary International for Programming and Printing Software Company W.L.L., Al Madar Real Estate Development Company K.S.C. (Closed) and Althuraya for Warehousing & Cold Storage K.S.C. (Closed) based on financial information prepared by the management as at 31 March 2016.

The interim condensed consolidated financial information includes the interim condensed financial information of Dar Al-Thuraya Real Estate Co. K.P.S.C. and its following subsidiaries:

Name of subsidiaries	Country of incorporation	Activity	Voting rights and equity interest %		
			(Audited)		
			31 March 2016	31 December 2015	31 March 2015
Althuraya Star Co. W.L.L.	Kuwait	General trading and contracting	99%	99%	99%
Kuwait Mabani Real Estate Company K.S.C (Closed)	Kuwait	Real estate	96%	96%	96%
Pack & Move Holding Company K.S.C (Holding)	Kuwait	Holding	99.88%	99.88%	99.88%
Golden Madar Real Estate Company W.L.L.	Kuwait	Real estate	98%	98%	98%

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2016

**4. Significant accounting assumptions and judgments**

The preparation of interim condensed consolidated financial information in accordance with International Financial Reporting Standards requires use of estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial information and the reported amounts of revenues and expenses during the period. Although these estimates depend on the best knowledge of the current events by the management, but the actual results may vary from these estimates.

**5. Bank balances and cash**

	<b>31 March 2016</b>	<b>(Audited) 31 December 2015</b>	<b>31 March 2015</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Bank balances	879,972	618,817	735,579
Cash on hand	97,417	38,983	60,229
	<u>977,389</u>	<u>657,800</u>	<u>795,808</u>

Bank balances includes unrestricted current and saving accounts with local banks.

The average annual effective return rate on saving accounts was 0.73% as at 31 March 2016 (31 December 2015: 0.94% and 31 March 2015: 0.94%).

**6. Investments at fair value through statement of income**

Analysis of investments at fair value through statement of income is as follows for the period/year/period:

	<b>31 March 2016</b>	<b>(Audited) 31 December 2015</b>	<b>31 March 2015</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Investment in unquoted local shares	177,940	173,441	293,232
Investments in portfolio - local funds	41,147	41,147	41,333
Investments in portfolio – foreign funds	1,434,541	1,676,055	2,969,672
	<u>1,653,628</u>	<u>1,890,643</u>	<u>3,304,237</u>

Valuation techniques for investments at fair value through statement of income are disclosed in Note 19.

Unquoted local shares and foreign funds of KD 66,068 (31 December 2015: KD 66,068, and 31 March 2015: KD 239,694) are carried at cost less impairment since their fair values could not be measured reliably. Management does not have indicators that the investments are impaired.

Investments in unquoted shares are valued in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies



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**7. Receivables and other debit balances**

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
Trade receivables	9,381,931	9,526,976	9,669,045
Provision for doubtful debts	<u>(7,604,293)</u>	<u>(7,422,397)</u>	<u>(6,589,469)</u>
	1,777,638	2,104,579	3,079,576
Sale of financial and real estate investments and services receivables	919,807	980,004	928,546
Accrued revenues	529,636	509,859	426,470
Staff receivables	26,925	16,247	16,665
Prepaid expenses	455,449	901,118	870,517
Other receivables	<u>1,442,834</u>	<u>1,197,079</u>	<u>1,149,197</u>
	<u>5,152,289</u>	<u>5,708,886</u>	<u>6,470,971</u>

The item "sale of financial and real estate investments and services receivables" which is stated after deducting a provision for doubtful debts amounting to KD 748,480 as at 31 March 2016 (31 December 2015: KD 748,480, and 31 March 2015: KD 699,420).

The item "other receivables" which is stated after deducting a provision for doubtful debts of KD 122,057 as at 31 March 2016 (31 December 2015: KD 122,057, and 31 March 2015: KD 122,057).

The maximum exposure to credit risks at reporting date is the fair value of each class of receivables. The Group holds guarantees of KD 4,155,509 for trade receivables as at 31 March 2016 (31 December 2015: KD 4,205,884, and 31 March 2015: KD 4,397,401).

The Group does not charge and financial charges on overdue receivables.

Analysis of provision for doubtful debts during the period/year/period is as follows:

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
Specific provision	<u>8,474,830</u>	<u>8,292,934</u>	<u>7,410,946</u>

**8. Available for sale investments**

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
Investment in quoted local shares	1,438	1,408	1,498
Investment in unquoted local shares	20,751	20,751	36,501
Investment in unquoted foreign shares	<u>41,194</u>	<u>41,194</u>	<u>41,194</u>
	<u>63,383</u>	<u>63,353</u>	<u>79,193</u>

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**8. Available for sale investments (Continued)**

Investments in local and foreign shares of include unquoted shares of KD 61,945 (31 December 2015: KD 61,945 and 31 March 2015: KD 77,695) carried at cost due to non-availability of a basis to be based upon to measure its fair value at the date of the interim condensed consolidated statement of financial position. Management does not have indicators that the investments are impaired.

Available for sale financial investments include unquoted foreign shares at an actual cost of KD 3,698,839 (31 December 2015: KD 3,698,839) brought forward from 2009. Since these investments are the subject of a legal dispute, management decided to reduce the cost of these investments in full in the previous years until they are finally resolved.

Valuation techniques of available for sale investments disclosed in Note 19.

**9. Investment properties**

	<b>31 March 2016 KD</b>	<b>(Audited) 31 December 2015 KD</b>	<b>31 March 2015 KD</b>
<b>Completed investment properties</b>			
Balance at the beginning of the period/year/period	16,025,352	15,753,165	15,753,165
Additions	-	124,592	124,679
Disposals	-	(1,439,940)	-
Transfer from properties under development	-	2,010,588	-
Change in fair value	-	(483,234)	-
Foreign currency translation differences	-	60,181	-
Balance at end of the period/year/period	<u>16,025,352</u>	<u>16,025,352</u>	<u>15,877,844</u>
	<b>31 March 2016 KD</b>	<b>(Audited) 31 December 2015 KD</b>	<b>31 March 2015 KD</b>
<b>Properties under development</b>			
Balance at the beginning of the period/year/period	9,853,307	13,431,673	13,431,673
Additions	13,802	516,030	145,529
Disposals	(91,187)	(1,840,824)	-
Transfer to investment properties	-	(2,010,588)	-
Change in fair value	-	(312,508)	-
Foreign currency translation differences	-	69,524	-
Balance at end of the period/year/period	<u>9,775,922</u>	<u>9,853,307</u>	<u>13,577,202</u>
Balance at end of the period/year/period	<u>25,801,274</u>	<u>25,878,659</u>	<u>29,455,046</u>

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**10. Investment in associates**

The details of such investments in subsidiaries are as follows:

Name of associate	Country of incorporation	Measurement method	Activity	Voting rights and equity interest %		
				31 March 2016	(Audited) 31 December 2015	31 March 2015
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	State of Kuwait	Equity method of accounting	General trading and contracting	40%	40%	40%
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	Arab Republic of Egypt	Equity method of accounting	Medical devices and equipment	22.5%	22.5%	22.5%
Foodna United Company W.L.L	State of Kuwait	Equity method of accounting	General trading and contracting	-	-	49%

The carrying value of each individual associate is as follows:

Name of associate	31 March 2016	(Audited) 31 December 2015	31 March 2015
	KD	KD	KD
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	973,637	1,000,000	846,629
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	321,997	383,233	342,285
Foodna United Company W.L.L	-	-	427,140
	<u>1,295,634</u>	<u>1,383,233</u>	<u>1,616,054</u>

The Group's share in results of associate companies is recorded based on the financial information prepared by the management as at 31 March 2016.

**11. Wakala payables**

	31 March 2016	(Audited) 31 December 2015	31 March 2015
	KD	KD	KD
Current portion	22,915,839	22,874,916	23,550,558
Non current portion	151,988	151,988	219,967
	<u>23,067,827</u>	<u>23,026,904</u>	<u>23,770,525</u>

The average effective cost rate on wakala was 4% as at 31 March 2016 (31 December 2015: 4% and 31 March 2015: 4%).

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**11. Wakala payables (Continued)**

Wakala payables include past due wakala payables of KD 4,887,212. The parent company was obliged to pay in accordance with a legal judgment against the parent company.

During the period, wakala has been matured at KD 16,999,319 with one of the creditors, and it was not renewed until date of interim condensed consolidated financial information.

**12. Payables and other credit balances**

	<b>31 March</b>	<b>(Audited)</b> <b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade payables	1,442,685	1,461,086	2,720,923
Accrued expenses	72,197	73,733	84,137
Purchase of land and financial investments payables	281,930	285,380	1,460,386
	<u>1,796,812</u>	<u>1,820,199</u>	<u>4,265,446</u>

**13. Related parties transactions**

Related parties comprise of the Group's major shareholders who are members of the board of directors, members of board of directors, key management personnel, and subsidiaries in which the Company has representatives in their board. In the normal course of business, related parties transactions during the period/ year/period were carried out and approved by the Group's management. Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related parties transaction are as follows:

	<b>31 March</b>	<b>(Audited)</b> <b>31 December</b>	<b>31 March</b>
<b>Interim condensed consolidated statement of financial position</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investments at fair value through statement of income	644	920	47,454
Due from related parties	1,042,850	1,020,321	1,013,746
Wakala payables	-	-	16,648,627
Due to related parties	1,841,769	1,796,844	798,048
		<b>For the three month period ended 31 March</b>	
<b>Interim condensed consolidated statement of income</b>	<b>2016</b>	<b>2015</b>	
	<b>KD</b>	<b>KD</b>	
Salaries and other short term benefits		81,826	89,295
Employees' end of service benefit		6,923	6,846

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**14. Basic and diluted loss per share attributable to shareholders of the Parent Company/(fils)**

Basic and diluted loss per share is computed by dividing the loss for the period attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding for the period excluding treasury shares.

	<b>For the three month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>
Loss for the period attributable to shareholders of the Parent Company	(704,390)	(429,477)
Weighted average number of shares outstanding:		
Number of issued shares	213,868,650	213,868,650
Less: Weighted average number of treasury shares	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares	207,023,554	207,023,554
Basic and diluted loss per share attributable to shareholders of the Parent Company/(fils)	(3.40)	(2.07)

**15. Treasury shares**

	<b>31 March 2016</b>	<b>(Audited) 31 December 2015</b>	<b>31 March 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Number of shares purchased (Share)	6,845,096	6,845,096	6,845,096
Ownership percentage (percentage to total issued shares)	%3.2	%3.2	%3.2
Cost	4,573,296	4,573,296	4,573,296
Market value ("KD")	109,522	130,056	119,789

The Parent Company is committed to retain capital share premium equal to the purchased treasury shares cost which are deemed as non-distributable along acquisition period by the parent company in accordance with instructions of the concerned regulatory authorities.

**16. Fiduciary assets**

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Parent Company and accordingly, are not included in the interim condensed consolidated financial information. As at the interim condensed consolidated financial position date, total fiduciary assets managed on behalf of clients amounted to KD 8,660,000 (31 December 2015: KD 9,086,000, and 31 March 2015: KD 10,427,000) including a portfolio managed on behalf of the ultimate Parent Company amounting to KD 124,605 as at 31 March 2016 (31 December 2015: KD 137,820 and 31 March 2015: KD 134,254).

**17. Segment information**

Operating segments are identified based on the internal reports of Group segments that are regularly reviewed by the Chairman and general manager as the principal decisions makers in the Group so as to allocate resources to and evaluate performance of these segments on an ongoing basis.

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**17. Segment information (Continued)**

The operating segments that meet the conditions and criteria for reporting them in the interim condensed consolidated financial information and are used in the internal reports regularly submitted to decision makers are as follows:

***Real estates:***

This sector represents investing in investment properties to generate rental income, profits from capital appreciation or for trading purposes.

***Financial investments:***

This sector represents investment in short term money market instruments, investment in shares of listed and unlisted companies whose articles of association and activities comply with the rules of noble Islamic Shari'a.

***Corporate finance:***

The activity of this segment is to provide finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales, and other contracts compliant with the rules of noble Islamic Shari'a.

***Other:***

This includes the revenues and expenses that do not lie under the above sectors.

Summarized information in respect of the Group's segment information is given below:

	<b>Segment revenue</b>		<b>Segment loss</b>	
	<b>For the three month period ended 31 March</b>		<b>For the three month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment properties	373,818	361,611	373,818	361,611
Financial investments	(262,422)	18,872	(262,422)	18,872
Corporate finance	26,745	-	(14,178)	(114,878)
Other	252,143	420,839	252,143	420,839
	<u>390,284</u>	<u>801,322</u>	<u>349,361</u>	<u>686,444</u>
General and administrative expenses			(881,130)	(917,904)
Provision for doubtful debts			(181,896)	(186,480)
Loss for the period			<u>(713,665)</u>	<u>(417,940)</u>

The assets and liabilities of the different operating segments are analyzed as follows:

	<b>31 March</b>	<b>(Audited) 31 December</b>	<b>31 March</b>
<b>Segment assets</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment properties	25,801,274	25,878,659	29,455,046
Financial investments	3,012,645	3,337,229	5,199,484
Corporate finance	1,777,638	2,104,579	3,079,576
Other	12,986,879	12,909,558	12,800,551
<b>Total segment assets</b>	<u>43,578,436</u>	<u>44,230,025</u>	<u>50,534,657</u>



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**17. Segment information (Continued)**

	31 March 2016 KD	(Audited) 31 December 2015 KD	31 March 2015 KD
<b>Segment liabilities</b>			
Investment properties	241,775	245,225	1,067,827
Corporate finance	23,067,827	23,026,904	23,770,525
Other	4,272,495	4,208,836	4,719,227
<b>Total segment liabilities</b>	<b>27,582,097</b>	<b>27,480,965</b>	<b>29,557,579</b>

**18. Shareholders general assembly**

The annual general assembly meeting of the shareholders has not been held. Consequently, the consolidated financial statements for the year ended 31 December 2015 were not approved until the reporting date.

**19. Financial instruments**

***Categories of financial instruments***

The financial assets and liabilities of the Group have been classified in the interim condensed consolidated statement of financial position as follows:

	Carried at fair value KD	Carried at cost KD	Carried at amortised cost KD	Total KD
<b>31 March 2016</b>				
<b>Financial assets:</b>				
Bank balances and cash	-	-	977,389	977,389
Investments at fair value through statement of income	1,587,560	66,068	-	1,653,628
Receivables and other debit balances (excluding prepaid expenses)	-	-	4,696,840	4,696,840
Due from related parties	-	-	1,042,850	1,042,850
Available for sale Investments	1,438	61,945	-	63,383
	<u>1,588,998</u>	<u>128,013</u>	<u>6,717,079</u>	<u>8,434,090</u>
<b>Financial liabilities:</b>				
Wakala payables	-	-	23,067,827	23,067,827
Payables and other credit balances	-	-	1,796,812	1,796,812
Due to related parties	-	-	1,841,769	1,841,769
	<u>-</u>	<u>-</u>	<u>26,706,408</u>	<u>26,706,408</u>

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**19. Financial instruments (Continued)**

*Categories of financial instruments (continued)*

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
<b>31 December 2015 (audited)</b>				
<b>Financial assets:</b>				
Bank balances and cash	-	-	657,800	657,800
Investments at fair value through statement of income	1,824,575	66,068	-	1,890,643
Receivables and other debit balances (excluding prepaid expenses)	-	-	4,807,768	4,807,768
Due from related parties	-	-	1,020,321	1,020,321
Available for sale Investments	1,408	61,945	-	63,353
	<u>1,825,983</u>	<u>128,013</u>	<u>6,485,889</u>	<u>8,439,885</u>
<b>Financial liabilities:</b>				
Wakala payables	-	-	23,026,904	23,026,904
Payables and other credit balances	-	-	1,820,199	1,820,199
Due to related parties	-	-	1,796,844	1,796,844
	<u>-</u>	<u>-</u>	<u>26,643,947</u>	<u>26,643,947</u>
	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
<b>31 March 2015</b>				
<b>Financial assets:</b>				
Bank balances and cash	-	-	795,808	795,808
Term deposits	-	-	200,000	200,000
Investments at fair value through statement of income	3,064,543	239,694	-	3,304,237
Receivables and other debit balances (excluding prepaid expenses)	-	-	5,600,454	5,600,454
Due from related parties	-	-	1,013,746	1,013,746
Available for sale Investments	1,498	77,695	-	79,193
	<u>3,066,041</u>	<u>317,389</u>	<u>7,610,008</u>	<u>10,993,438</u>
<b>Financial liabilities:</b>				
Wakala payables	-	-	23,770,525	23,770,525
Payables and other credit balances	-	-	4,265,446	4,265,446
Due to related parties	-	-	798,048	798,048
	<u>-</u>	<u>-</u>	<u>28,834,019</u>	<u>28,834,019</u>

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**19. Financial instruments (Continued)**

***Fair value of financial instruments***

Fair value represents 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.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Quoted prices (unadjusted) in active markets of identical assets or liabilities that the Group can peruse the same at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (such as inputs relating to prices).
- Level 3: Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>31 March 2016</b>			
<b><u>Financial assets:</u></b>			
Investments at fair value through statement of income	-	1,587,560	1,587,560
Available for sale investments	1,438	-	1,438
Total	<u>1,438</u>	<u>1,587,560</u>	<u>1,588,998</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>31 December 2015 (audited)</b>			
<b><u>Financial assets:</u></b>			
Investments at fair value through statement of income	-	1,824,575	1,824,575
Available for sale investments	1,408	-	1,408
Total	<u>1,408</u>	<u>1,824,575</u>	<u>1,825,983</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>31 March 2015</b>			
<b><u>Financial assets:</u></b>			
Investments at fair value through statement of income	-	3,064,543	3,064,543
Available for sale investments	1,498	-	1,498
Total	<u>1,498</u>	<u>3,064,543</u>	<u>3,066,041</u>

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**20. Liquidity Risk:**

Liquidity risk is the risk that the Group will encounter the difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable. Further, the Group plans and manages its expected cash flows through maintaining cash reserves.

As at 31 March 2016, the current liabilities of the Group exceeded its current assets with an amount of KD 17,728,264 (31 December 2015: KD 17,214,309 and 31 March 2015: KD 16,829,290). Whereas the Group maintains adequate cash reserves and owns investment properties of KD 25,801,274 as at 31 March 2016 (31 December 2015: KD 25,878,659 and 31 March 2015: KD 29,455,046) which the Group intends to sell or utilize them in settlement of its debt with debtors related to wakala payables of KD 23,067,827 as at 31 March 2016 (31 December 2015: KD 23,026,904 and 31 March 2015: KD 23,770,525). As well as, the Group maintains guarantees of KD 4,155,509 as at 31 March 2016 (31 December 2015: KD 4,205,884 and 31 December 2015: KD 4,397,401) against receivables from customers. This indicates that the Group will be able to meet its short-term commitments.