

Al Madar Finance and Investment

Company K.P.S.C

and its subsidiaries

Kuwait

Interim condensed consolidated financial information

for the three months ended March 31, 2017

(Unaudited)

with review report

Al Madar Finance and Investment

**Company K.P.S.C
and its subsidiaries**

Kuwait

**Interim condensed consolidated financial information
for the three months ended March 31, 2017**

(Unaudited)

with review report

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The Board of Directors

Al Madar Finance and Investment Company

K.P.S.C

And its subsidiaries

Kuwait

Review report on the 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 statement of financial position as of March 31, 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other 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 Standard No (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 the 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 No. (34) "Interim Financial Reporting".

Emphasis of matter

Without qualifying our conclusion, we draw attention to note (19) about the interim condensed consolidated financial information which shows that the current liabilities for the Group exceeded its current assets amounted to KD 21,192,769 as of March 31, 2017 (KD 21,018,660 as of December 31, 2016 and KD 17,728,264 as of March 31, 2016).

Report on review of other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records 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 year 2016 and its related Executive Regulations or the law No. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive regulation or the Memorandum and Articles of Association of the Parent Company as amended, have occurred during the three month period ended March 31, 2017 that might have had a material effect on the business of the Group 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 month period ended March 31, 2017 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.

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May 23, 2017
State of Kuwait

Al Madar Finance and Investment Company
K.P.S.C
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Interim condensed consolidated statement of financial position as of March 31, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Assets				
Cash and cash equivalents	4	592,901	460,583	977,389
Investments at fair value through statement of profit or loss	5	214,172	262,085	1,653,628
Receivables and other debit balances	6	4,390,350	4,793,262	5,152,289
Due from related parties	12	728,698	550,147	1,042,850
Available for sale investments	7	55,177	62,890	63,383
Investment properties	8	23,820,585	23,852,189	25,801,274
Investment in associates	9	1,155,180	1,131,460	1,295,634
Property, plant and equipment		7,113,759	7,157,444	7,223,910
Intangible assets		839,918	839,918	368,079
Total assets		38,910,740	39,109,978	43,578,436
Liabilities and equity				
Liabilities				
Wakala payables	10	23,008,670	23,003,659	23,067,827
Payables and other credit balances	11	2,287,487	2,266,382	1,796,812
Due to related parties	12	1,822,733	1,814,696	1,841,769
Provision for employees' end of service indemnity		1,108,278	1,108,573	875,689
Total liabilities		28,227,168	28,193,310	27,582,097
Equity				
Share capital		21,386,865	21,386,865	21,386,865
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	13	(4,573,296)	(4,573,296)	(4,573,296)
Change in fair value reserve		1,004	(14,520)	(15,855)
Revaluation surplus		97,037	97,037	147,324
Foreign currencies translation reserve		(88,943)	(101,827)	87,804
Other reserve		(122,147)	(122,147)	(122,147)
Accumulated losses		(12,823,774)	(12,541,445)	(8,028,437)
Total equity attributable to the shareholders of the Parent Company		8,867,042	9,120,963	13,872,554
Non-controlling interests		1,816,530	1,795,705	2,123,785
Total equity		10,683,572	10,916,668	15,996,339
Total liabilities and equity		38,910,740	39,109,978	43,578,436

Bader Khaled AlBahar
Chairman

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

Al Madar Finance and Investment Company
K.P.S.C
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Interim condensed consolidated statement of profit or loss for the three months ended
March 31, 2017
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2017	2016
Revenue			
Rental income		340,935	355,265
Net profit from sales		195,353	195,272
Investment services revenue		1,573	28,680
Finance income/Murabahat		8,281	26,745
Write back of provision of finance transactions		24,620	-
Change in fair value of investments at fair value through statement of profit or loss		(47,913)	(236,888)
Impairment of available for sale investments		(23,237)	-
Group's share in associates results		(9,487)	(25,534)
Gain from sale of investment properties		4,777	18,553
Foreign currencies evaluation differences		2,232	7,552
Other income		6,323	20,639
Total revenue		503,457	390,284
Expenses and other charges			
General and administrative expenses		757,323	881,130
Provision for doubtful debts		-	181,896
wakala Finance costs		7,638	40,923
Total expenses and other charges		764,961	1,103,949
Loss for the period		(261,504)	(713,665)
Attributable to:			
Shareholders of the Parent Company		(282,329)	(704,390)
Non-controlling interests		20,825	(9,275)
Loss for the period		(261,504)	(713,665)
Basic and diluted loss per share attributable to shareholders of the Parent Company/(Fils)	14	(1.36)	(3.40)

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

Al Madar Finance and Investment Company
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Interim condensed consolidated statement of profit or loss and other comprehensive income
for the three months ended March 31, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended March 31	
	2017	2016
Loss for the period	(261,504)	(713,665)
Other comprehensive income/(loss)		
<i>Items that may be subsequently reclassified to the Interim condensed consolidated statement of profit or loss:</i>		
Change in fair value of available for sale investments	(7,713)	30
Transferred to interim condensed consolidated statement of profit or loss as result of impairment of available for sale investments	23,237	-
Foreign currencies translation reserve	12,884	(39,086)
Other comprehensive income/(loss)	28,408	(39,056)
Total comprehensive loss for the period	(233,096)	(752,721)
Attributable to:		
Shareholders of the Parent Company	(253,921)	(743,446)
Non-controlling interests	20,825	(9,275)
	(233,096)	(752,721)

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

Al Madar Finance and Investment Company
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Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2017
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Treasury shares	Change in fair value reserve	Revaluation surplus	Foreign currencies translation reserve	Other reserve	Accumulated losses	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance at January 1, 2016	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 loss for the period	-	-	-	30	-	(39,086)	-	-	(39,056)	-	(39,056)
Total comprehensive loss for the period	-	-	-	30	-	(39,086)	-	(704,390)	(743,446)	(9,275)	(752,721)
Balance at March 31, 2016	21,386,865	4,990,296	(4,573,296)	(15,855)	147,324	87,804	(122,147)	(8,028,437)	13,872,554	2,123,785	15,996,339
Balance at January 1, 2017	21,386,865	4,990,296	(4,573,296)	(14,520)	97,037	(101,827)	(122,147)	(12,541,445)	9,120,963	1,795,705	10,916,668
Loss for the period	-	-	-	-	-	-	-	(282,329)	(282,329)	20,825	(261,504)
Other comprehensive income for the period	-	-	-	15,524	-	12,884	-	-	28,408	-	28,408
Total comprehensive loss for the period	-	-	-	15,524	-	12,884	-	(282,329)	(253,921)	20,825	(233,096)
Balance at March 31, 2017	21,386,865	4,990,296	(4,573,296)	1,004	97,037	(88,943)	(122,147)	(12,823,774)	8,867,042	1,816,530	10,683,572

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

Al Madar Finance and Investment Company
K.P.S.C
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Interim condensed consolidated statement of cash flows for the three months ended March 31, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2017	2016
Cash flows from operating activities			
Net loss for the period		(261,504)	(713,665)
<i>Adjustments:</i>			
Depreciation and amortization		43,919	81,426
Wakala Finance costs		7,638	40,923
Change in fair value of investments at fair value through statement of profit or loss		47,913	236,888
Impairment of available for sale investments		23,237	-
Gain from sale of investment properties		(4,777)	(18,553)
Group's share in associates results		9,487	25,534
Provision for doubtful debts		-	181,896
Write back of provision of finance transactions		(24,620)	-
Foreign currencies evaluation differences		(2,232)	7,552
Provision for employees' end of service indemnity		60,757	47,171
Operating loss before calculating change in working capital items		(100,182)	(110,828)
Investments at fair value through statement of profit or loss		-	(7,425)
Receivables and other debit balances		427,532	374,701
Related parties – net		(170,514)	22,396
Payables and other credit balances		21,105	(408)
Cash generated from operations		177,941	278,436
Employees' end of service indemnity paid		(61,052)	(8,500)
Net cash generated from operating activities		116,889	269,936
Cash flows from investing activities			
Paid for the purchase of investment properties	8	(4,225)	(13,802)
Proceeds from sale of investment properties		40,606	109,740
Investment in associates		(20,323)	-
Paid for the purchase of Property, plant and equipment		(234)	(46,285)
Net cash generated from investing activities		15,824	49,653
Cash flows from financing activities			
Wakala costs paid		(395)	-
Net cash used in financing activities		(395)	-
Net increase in cash and cash equivalents		132,318	319,589
Cash and cash equivalents at beginning of the period		460,583	657,800
Cash and cash equivalents at end of the period	4	592,901	977,389

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

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"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activities

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

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

- Promoting and marketing the shares and bonds for the favor of the companies.
- Investing 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 interest or participate in any suitable way 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, Al Safat 13014, Kuwait.

The Parent Company is a subsidiary of Almalih Real Estate Company W.L.L (the "Ultimate Parent Company").

The interim condensed consolidated financial information for the three month period ended March 31, 2017 was authorized for issue by the Board of Directors on May 23, 2017.

**Al Madar Finance and Investment Company
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Notes to the interim condensed consolidated financial information for the three months ended March 31, 2017

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"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Significant Accounting Policies

2/1) Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 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 and 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.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2016.

During the period the Group has adopted all the standards that came into effect for annual periods beginning January 1, 2017. The adoption of these standards did not have any material impact on this interim condensed consolidated financial information.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

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

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2017 did not have any material impact on the accounting policies, financial position or performance of the Group.

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2/2) Critical Judgments and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2016.

3- Consolidated subsidiaries

The interim condensed consolidated financial information includes the financial information of the Parent Company and its following subsidiaries:

	Country of incorporation	Activity	Shareholding percentage %		
			March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
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	%98.50	%98.50	%98.50
Al Thuraya for Warehousing and Cold Storage K.S.C (Closed)	Kuwait	Warehousing	%96	%96	%96

During the period ended March 31, 2017 the Group had consolidated the interim condensed financial information of Fiduciary International for Programming and Printing Software Company W.L.L, Al Madar Real Estate Development K.S.C (Closed) and Al Thuraya for Warehousing and Cold Storage K.S.C (Closed) based on interim financial information prepared by the management as of March 31, 2017.

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The interim condensed consolidated financial information includes the interim condensed financial information for the Dar Al Thuraya Real Estate K.S.C (Public) company and its following subsidiaries:

	Country of <u>incorporation</u>	Activity	Shareholding percentage %		
			March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Al-Thuraya Star Company 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

4- Cash and cash equivalents

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Cash at banks	510,321	420,731	879,972
Cash on hand	82,580	39,852	97,417
	<u>592,901</u>	<u>460,583</u>	<u>977,389</u>

The effective yield rate on saving accounts as of March 31, 2017 was 0.65% (December 31, 2016: 0.65% and March 31, 2016: 0.73%).

5- Investments at fair value through statement of profit or loss

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Investments in unquoted local shares	122,232	170,145	177,940
Investments in portfolio - local funds	41,147	41,147	41,147
Investments in portfolio - foreign funds	50,793	50,793	1,434,541
	<u>214,172</u>	<u>262,085</u>	<u>1,653,628</u>

- Investments in unquoted local shares and foreign funds of KD 141,935 (December 31, 2016: KD 207,900 and March 31, 2016: KD 66,068) are carried at cost less impairment, since their fair values could not be measured reliably. Management does not have indicator for the impairment of these investments.

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- Investments in unquoted shares are evaluated 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 also take in consideration recently transactions on the shares with other parties in investee companies or similar companies.

6- Receivables and other debit balances

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Trade receivables	<u>5,982,637</u>	<u>6,004,927</u>	<u>9,381,931</u>
Provision for doubtful debts	<u>(5,301,469)</u>	<u>(5,326,089)</u>	<u>(7,604,293)</u>
	681,168	678,838	1,777,638
Receivables from sale of financial, properties and services investments	768,610	772,503	919,807
Accrued revenue	763,471	723,976	529,636
Staff receivables	22,697	46,443	26,925
Prepaid expenses	1,122,085	1,015,935	455,449
Other receivables	<u>1,032,319</u>	<u>1,555,567</u>	<u>1,442,834</u>
	<u>4,390,350</u>	<u>4,793,262</u>	<u>5,152,289</u>

- Item of receivables from sale of financial, properties and services investments has been presented after deducting a provision for doubtful debts of KD 849,049 as of March 31, 2017 (December 31, 2016: KD 849,049 and March 31, 2016: KD 748,480).
- Other receivables have been presented after deducting a provision for doubtful debt of KD 122,057 as of March 31, 2017 represent provisions recorded in subsidiaries (December 31, 2016: KD 122,057 and March 31, 2016: 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 amounting to KD 1,059,099 for trade receivables as of March 31, 2017 (as of December 31, 2016: KD 1,046,921 and March 31, 2016: KD 4,155,509).
- According to the board of directors of the Parent Company that held prior year was approved to write off due from one of receivables of financial amounted to KD 3,286,804 as well as its related provision amounted to KD 3,191,071 and also its related deferred revenue amounted to KD 95,733 from books and accounting records related to the Parent Company. This procedure will not affect the legal procedures which have been taken by the Parent Company to claim the client with repayment the whole due amount.
- The Group does not incur any finance charges on the overdue receivables.

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The following is analysis of the provision for doubtful debts during the period/ year/period:

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Specific provision	<u>6,272,575</u>	<u>6,297,195</u>	<u>8,474,830</u>

7- Available for sale investments

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Investments in quoted local shares	5,043	4,219	1,438
Investments in unquoted local shares	13,940	22,477	20,751
Investments in unquoted foreign shares	36,194	36,194	41,194
	<u>55,177</u>	<u>62,890</u>	<u>63,383</u>

- Investments in unquoted local and foreign investments of KD 41,899 (December 31, 2016: KD 41,194 and March 31, 2016: KD 61,945) were carried at cost as due to non-availability of a measurement tool to measure its fair value at the date of interim condensed consolidated financial position.
- Investments in unquoted shares are evaluated 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 also take in consideration recently transactions on the shares with other parties in investee companies or similar companies.
- During the period the Group recorded impairment of available for sale investments of KD 23,237 (March 31, 2016: Nil).
- Available for sale investments include unquoted foreign investments at an actual cost of KD 3,698,839 carried forward from the year 2009 since these investments are subject to a legal dispute. The management decided to reduce the cost of this investment in previous years until it is finally resolved settled.

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8- Investment properties

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Investment properties			
Balance at beginning of the period/year/period	14,839,420	16,025,352	16,025,352
Change in fair value	-	(1,199,035)	-
Foreign currencies translation differences	-	13,103	-
Balance at the ending of the period/year/ period	14,839,420	14,839,420	16,025,352
 Properties under development	 March 31, 2017	 December 31, 2016 (Audited)	 March 31, 2016
Balance at beginning of the period/ year/period	9,012,769	9,853,307	9,853,307
Additions	4,225	137,956	13,802
Disposals	(35,829)	(260,928)	(91,187)
Change in fair value	-	(776,130)	-
Foreign currencies translation differences	-	58,564	-
Balance at the ending of the period/year/ period	8,981,165	9,012,769	9,775,922
Balance at the ending of the period/year/ period	23,820,585	23,852,189	25,801,274

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9- Investment in associates

The statement of these investments of associates is as follows:

Name of associate	Country of incorporation	Measurement method	Activity	Ownership percentage %		
				March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	Kuwait	Equity method	General Trading and Contracting	%40	%40	%40
Egyptian Saudi Company for Medical Equipment (S.A.E)	Arab Republic of Egypt	Equity method	Medical equipment and devices	%29.35	%25.93	%22.50

The book value of each associate is as follows:

Name of associate	December 31, 2016			March 31, 2016		
	March 31, 2017	December 31, 2016 (Audited)		March 31, 2016		
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	907,369	927,769		973,637		
Egyptian Saudi Company for Medical Equipment (S.A.E)	247,811	203,691		321,997		
	<u>1,155,180</u>	<u>1,131,460</u>		<u>1,295,634</u>		

- The Group's share in associates' results as of March 31, 2017 was recognized based on interim financial information prepared by management as of March 31, 2017.
- During the period, the Group increased its share in the Egyptian Saudi Company for Medical Equipment (S.A.E) from 25.93 % to 29.35% by 3.42%. According to this transaction, there is no significant effect on the interim condensed consolidated financial statements for the period ended March 31, 2017.

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10- Wakala payables

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Current portion	<u>23,008,670</u>	<u>23,003,659</u>	<u>22,915,839</u>
Non-current portion	<u>-</u>	<u>-</u>	<u>151,988</u>
	<u>23,008,670</u>	<u>23,003,659</u>	<u>23,067,827</u>

- The average effective cost on wakala is 4% as of March 31, 2017 (December 31, 2016: 4% and March 31, 2016: 4%).
- Wakala payables include past due wakala payables of KD 4,886,816. The Parent Company was obliged to pay in based judicial ruling against the Parent Company. Amicable settlement is currently in process with the prevailing party.
- During prior year, wakala has been accrued amounted to KD 16,999,319 with one of the creditors, and it was not renewed as this creditors has filed lawsuit against the Parent company , as this lawsuit still pending and no final ruling has been taken in this regards till the date of interim condensed consolidated financial information.

11- Payables and other credit balances

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Trade payables	<u>1,830,462</u>	<u>1,796,889</u>	<u>1,442,685</u>
Accrued expenses	<u>178,095</u>	<u>187,963</u>	<u>72,197</u>
Payables of purchase of land and financial investments	<u>278,930</u>	<u>281,530</u>	<u>281,930</u>
	<u>2,287,487</u>	<u>2,266,382</u>	<u>1,796,812</u>

12- Related parties transactions

Related parties principally comprise of shareholders, directors and executive officers of the Parent Company, their families and companies of which they are the principle owners. Parent Company determines the terms and conditions of the transactions and services received or rendered from/to related parties beside other expenses. Amounts due from/to related parties have no fixed maturity date.

The balances and transactions with related parties during the period/year/period are as follows:

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Balances			
Investment at fair value through statement of profit or loss	-	644	644
Due from related parties	<u>728,698</u>	<u>550,147</u>	<u>1,042,850</u>
Due to related parties	<u>1,822,733</u>	<u>1,814,696</u>	<u>1,841,769</u>

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Transactions	The Three months ended March 31,	
	2017	2016
Salaries and other short term benefits	91,104	81,826
Provision for employees' end of service indemnity	7,222	6,923
13- Treasury shares		
	March 31, 2017	December 31, 2016 (Audited)
Number of shares purchased (share)	6,845,096	6,845,096
Ownership percentage (percentage of treasury shares to the total issued shares)	%3.2	%3.2
Cost	4,573,296	4,573,296
Market value (KD)	85,564	109,522

The Parent Company is committed to retain the share premium of share capital which equivalent to the cost of the treasury shares purchased and considered not available for distribution throughout the period owned by the Parent Company and this according to the instructions of the relevant supervision authorities.

14- Basic and diluted loss per share attributable to shareholders of the Parent Company/(Fils)

Basic and diluted loss per share attributable to shareholder of the Parent Company is calculated by dividing the net loss for the period attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares of issued share capital during the period excluding treasury shares:

	The Three months ended March 31,	
	2017	2016
Net loss for the period attributable to shareholders of the Parent Company	(282,329)	(704,390)
Weighted average number of outstanding shares:		
Number of shares	213,868,650	213,868,650
Less: weighted average number of outstanding 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)	(1.36)	(3.40)

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15- 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 of the condensed consolidated statement of financial position date, total Fiduciary assets managed on behalf of clients amounted to KD 7,588,000 (December 31, 2016: KD 9,147,000 and March 31, 2016: KD 8,660,000), including a portfolio managed on behalf of the Ultimate Parent Company amounting to Nil as of March 31, 2017 (December 31, 2016: KD 119,000 and March 31, 2016: KD 124,605).

16- Segment information

The operating segments are identified based on the internal reports of Group segments which are regularly reviewed by the chairman and managing director who take the main operating decisions in the Group so as allocate resources and to evaluate performance of these segments on an ongoing basis.

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:

A. Real estate:

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

B. Financial investments:

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

C. Corporate finance:

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

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D. Other:

This includes the revenue and expenses that do not belong to the above sectors.

The information of the Group's segments reports are summarized as follows:

	Segments revenue		Segments loss	
	The Three months ended		The Three months ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Investment properties	345,712	373,818	345,712	373,818
Financial investments	(80,637)	(262,422)	(80,637)	(262,422)
Corporate finance	8,281	26,745	643	(14,178)
Other	230,101	252,143	230,101	252,143
	503,457	390,284	495,819	349,361
General and administrative expense :			(757,323)	(881,130)
Provision for doubtful debts			-	(181,896)
Loss for the period			(261,504)	(713,665)

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

Segment assets	March	December	March
	31, 2017	31, 2016 (Audited)	31, 2016
Investment properties	23,820,585	23,852,189	25,801,274
Financial investments	1,424,529	1,456,435	3,012,645
Corporate finance	681,168	678,838	1,777,638
Other	12,984,458	13,122,516	12,986,879
Total segment assets	38,910,740	39,109,978	43,578,436

Segment liabilities	March	December	March
	31, 2017	31, 2016 (Audited)	31, 2016
Investment properties	238,775	241,375	241,775
Corporate finance	23,008,670	23,003,659	23,067,827
Other	4,979,723	4,948,276	4,272,495
Total segment liabilities	28,227,168	28,193,310	27,582,097

17- General Assembly of Shareholders

The Annual General Assembly of the Parent Company for the financial year ended December 31, 2016 has not been held until the date of approval of this interim condensed consolidated financial information. Thus, the financial statements for the financial year ended December 31, 2016 have not yet been approved. The interim condensed consolidated financial information for the three month period ended March 31, 2017 does not include any adjustments, which might have been required, as the General Assembly not approved the consolidated financial statements for the financial year ended December 31, 2016.

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18- 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:

	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Financial assets			
Cash and cash equivalents	592,901	460,583	977,389
Investments at fair value through statement of profit or loss	214,172	262,085	1,653,628
Receivables and other debit Balances	4,390,350	4,793,262	5,152,289
Due from related parties	728,698	550,147	1,042,850
Available for sale investments	55,177	62,890	63,383
	5,981,298	6,128,967	8,889,539
	March 31, 2017	December 31, 2016 (Audited)	March 31, 2016
Financial liabilities			
Wakala payables	23,008,670	23,003,659	23,067,827
Payables and other credit balances	2,287,487	2,266,382	1,796,812
Due to related parties	1,822,733	1,814,696	1,841,769
	27,118,890	27,084,737	26,706,408

Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group has used the assumptions and accepted methods in the assessment of fair values of financial instruments. The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Fair value of the non-derivative financial instruments is not materially different from its respective carrying value.

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The hierarchy levels of fair value are set out below:

- Level 1: prices included (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (inputs relating to prices).
- Level 3: inputs for assets and liabilities that are not based on observable market information (non observable information).

Financial assets and liabilities are classified in the level was based on the lower level for the important information.

The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated financial position in accordance with the fair value hierarchy, where the hierarchy classifies the financial assets and liabilities to nine levels based on the importance of the inputs used in the measurement of the fair value of the financial assets and liabilities.

As of March 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of profit or loss</i>	-	72,237	72,237
<i>Available for sale investments</i>	5,043	8,235	13,278
Total	<u>5,043</u>	<u>80,472</u>	<u>85,515</u>

As of December 31, 2016 (Audited):

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of profit or loss</i>	-	54,185	54,185
<i>Available for sale investments</i>	4,219	17,477	21,696
Total	<u>4,219</u>	<u>71,662</u>	<u>75,881</u>

As of March 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of profit or loss</i>	-	1,587,560	1,587,560
<i>Available for sale investments</i>	1,438	-	1,438
Total	<u>1,438</u>	<u>1,587,560</u>	<u>1,588,998</u>

There were no transfers between the levels during the period/year/period.

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19- Liquidity risks

The Liquidity risks generated from the lack of the Group's ability to provide necessary funds to meet its liabilities that related to the financial instruments. To manage these risks the Group periodically evaluates its customer's financial ability and invests in the bank's deposits or other highly liquidated investments accompanied by planning and managing the Group's expected cash flows through retaining cash reserves.

The Group's current liabilities exceeded its current assets as of March 31, 2017 by KD 21,192,769 (KD 21,018,660 as of December 31, 2016 and KD 17,728,264 as of March 31, 2016) and whereas the Group maintained adequate cash reserves and owns investment properties of KD 23,820,585 as of March 31, 2017 (KD 23,852,189 as of December 31, 2016 and KD 25,801,274 as of March 31, 2016) which the Group intends to sell or utilize them to settlement of its debt with creditors related to wakala payables of KD 23,008,670 as of March 31, 2017 (KD 23,003,659 as of December 31, 2016 and KD 23,067,827 as of March 31, 2016) in addition, the Group maintains guarantees of KD 1,059,099 as of March 31, 2017 (KD 1,046,921 as of December 31, 2016 and KD 4,155,509 as of March 31, 2016) against receivables due from customers. This indicates that the Group will be able to meet its short-term liabilities.