

Al Madar Finance and Investment

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

Kuwait

**Interim condensed consolidated financial information
for the six months ended June 30, 2015**

(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 six months ended June 30, 2015
(Unaudited)
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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 June 30, 2015 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six 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 matters

Without qualifying our conclusion, we draw attention to note (21) about the interim condensed consolidated financial information which shows that the current liabilities for the Group exceeded its current assets amounted to KD 16,002,888 as of June 30, 2015 (As of December 31, 2014: KD 16,205,129)

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 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 regulation, or the Memorandum and Articles of Association of the Parent Company, have occurred during the six month period ended June 30, 2015 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 six month period ended June 30, 2015 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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March 16, 2016
State of Kuwait

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

Interim condensed consolidated statement of financial position as of June 30, 2015
(Unaudited)

"All amounts are in Kuwaiti Dinar"

| | Note | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 (Adjusted) |
|--|------|-------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | 6 | 897,887 | 481,170 | 914,405 |
| Term deposits | | 200,000 | 200,000 | 200,000 |
| Investments at fair value through statement of income | 7 | 3,015,208 | 3,526,806 | 3,525,290 |
| Receivables and other debit balances | 8 | 6,478,283 | 6,885,303 | 7,313,752 |
| Due from related parties | 14 | 1,011,536 | 1,004,214 | 1,331,585 |
| Available for sale investments | 9 | 68,633 | 80,458 | 80,803 |
| Investment properties | 10 | 29,290,040 | 29,184,838 | 28,696,663 |
| Investment in associates | 11 | 1,188,914 | 1,643,818 | 1,728,465 |
| Property, plant and equipment | | 7,156,750 | 7,205,778 | 7,039,711 |
| Intangible assets | | 415,573 | 427,446 | - |
| Total assets | | 49,722,824 | 50,639,831 | 50,830,674 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Wakala payables | 12 | 22,799,406 | 24,327,521 | 24,621,655 |
| Payables and other credit balances | 13 | 3,096,599 | 2,308,254 | 1,539,626 |
| Due to related parties | 14 | 2,011,797 | 1,960,137 | 2,928,651 |
| Provision for end of service indemnity | | 773,800 | 648,886 | 570,855 |
| Total liabilities | | 28,681,602 | 29,244,798 | 29,660,787 |
| 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 | 16 | (4,573,296) | (4,573,296) | (4,573,296) |
| Changes in fair value reserve | | (10,605) | (30) | 315 |
| Revaluation surplus | | 85,479 | 85,479 | 87,350 |
| Foreign currencies translation reserve | | (438) | (438) | (9,589) |
| Accumulated losses | | (4,991,038) | (4,598,217) | (4,614,708) |
| Total equity attributable to the shareholders of the Parent Company | | 16,887,263 | 17,290,659 | 17,267,233 |
| Non-controlling interests | | 4,153,959 | 4,104,374 | 3,902,654 |
| Total equity | | 21,041,222 | 21,395,033 | 21,169,887 |
| Total liabilities and equity | | 49,722,824 | 50,639,831 | 50,830,674 |

Nabil Ahmed Mohammed Ameen
Chef executive officer

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

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

Interim condensed consolidated statement of income for the six months ended June 30, 2015
(Unaudited)
"All amounts are in Kuwaiti Dinar"

| | Note | The three months ended June 30 | | The six months ended June 30 | |
|--|---------|--------------------------------|------------------|------------------------------|--------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Revenue | | | | | |
| Finance income/(losses) (murabaha) | | 12,238 | (12,246) | 12,238 | (10,408) |
| Change in fair value of investments at fair value through statement of income | | (21,009) | 303,490 | (25,286) | 204,724 |
| Realized gains from sale of investments at fair value through statement of income | | 3,099 | 54,366 | 3,442 | 54,366 |
| Realized gain on sale of available for sale investments | | - | - | 875 | - |
| Gain on sale of an associate | 11 + 12 | 589,923 | - | 589,923 | - |
| Group share in results of associate | | (33,063) | (6,856) | (11,132) | (6,856) |
| Investment services revenues | | 19,311 | 33,353 | 54,383 | 63,527 |
| Realized gains from sale of investment properties | | 77,035 | 6,299 | 77,035 | 19,364 |
| Rental income | | 278,070 | 250,657 | 639,681 | 491,640 |
| Foreign currencies translation differences | | 17,230 | (10,255) | 66,348 | (10,255) |
| Discount granted against settlement of wakala contract | | - | 160,000 | - | 160,000 |
| Reversal of provision for accounts receivable and other debit balances | | 64,043 | - | 154,828 | - |
| Net profit from sales | | 244,701 | 122,217 | 573,158 | 288,130 |
| Other income | | 8,979 | 79,498 | 17,171 | 102,160 |
| Total revenue | | 1,260,557 | 980,523 | 2,152,664 | 1,356,392 |
| Expenses and other charges | | | | | |
| General and administrative expenses | | 741,548 | 731,699 | 1,598,456 | 1,462,664 |
| Depreciation and amortization | | 44,473 | 33,434 | 105,469 | 74,504 |
| Provision for doubtful debts | | 277,265 | 50,293 | 554,530 | 157,483 |
| Finance costs (wakala) | | 122,567 | 239,367 | 237,445 | 687,262 |
| Total expenses and other charges | | 1,185,853 | 1,054,793 | 2,495,900 | 2,381,913 |
| Net profit/(loss) for the period | | 74,704 | (74,270) | (343,236) | (1,025,521) |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | 36,656 | (58,496) | (392,821) | (993,471) |
| Non-controlling interests | | 38,048 | (15,774) | 49,585 | (32,050) |
| Net profit/(loss) for the period | | 74,704 | (74,270) | (343,236) | (1,025,521) |
| Profit/(loss) per share attributable to Shareholders of the Parent Company/(Fils) | 15 | 0.17 | (0.28) | (1.90) | (4.79) |

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 comprehensive income for the six months ended June 30, 2015

(Unaudited)

"All amounts are in Kuwaiti Dinar"

| | The three months ended June 30 | | The six months ended June 30 | |
|---|---|-----------------|---|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net profit/(loss) for the period | 74,704 | (74,270) | (343,236) | (1,025,521) |
| Other comprehensive (loss)/income | | | | |
| <i>Items that may be subsequently reclassified to the Interim consolidated statement of income:</i> | | | | |
| Change in fair value of available for sale investments | (10,560) | 450 | (10,575) | 450 |
| Other comprehensive (loss)/income for the period | (10,560) | 450 | (10,575) | 450 |
| Total comprehensive income/(loss) for the period | 64,144 | (73,820) | (353,811) | (1,025,071) |
| Attributable to: | | | | |
| Shareholders of the Parent Company | 26,096 | (58,046) | (403,396) | (993,021) |
| Non-controlling interests | 38,048 | (15,774) | 49,585 | (32,050) |
| | 64,144 | (73,820) | (353,811) | (1,025,071) |

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 six months ended June 30, 2015
(Unaudited)

"All amounts are in Kuwaiti Dinar"

| | Note | The six months ended June 30 | |
|---|-------|------------------------------|----------------|
| | | 2015 | 2014 |
| Operating activities | | | |
| Net loss for the period attributable to shareholders of the Parent Company | | (392,821) | (993,471) |
| Adjustments: | | | |
| Depreciation and amortization | | 105,469 | 74,504 |
| Finance costs (wakala) | | 237,445 | 687,262 |
| Change in fair value of investments at fair value through statement of income | | 25,286 | (204,724) |
| Realized gains from sale of investment properties | | (77,035) | (19,364) |
| Realized gains from sale of investments at fair value through statement of income | | (3,442) | (54,366) |
| Realized gain from sale of available for sale investments | | (875) | - |
| Gain on sale of associate | 11+12 | (589,923) | - |
| Group results in share an associate | | 11,132 | 6,856 |
| Discount granted against settlement of wakala contract | | - | (160,000) |
| Provision for doubtful debts | | 554,530 | 157,483 |
| Reversal of provision for accounts receivable and other debit balances | | (154,828) | - |
| Provision for end of service indemnity | | 132,926 | 116,214 |
| Operating loss before changes in working capital items | | (152,136) | (389,606) |
| Receivables and other debit balances | | 42,062 | 1,123,389 |
| Investments at fair value through statement of income | | (155,203) | - |
| Related parties | | 44,338 | 2,316,170 |
| Payables and other credit balances | | 107,345 | (449,184) |
| Cash (used in)/generated from operations | | (113,594) | 2,600,769 |
| Zakat | | - | (33,128) |
| End of service indemnity paid | | (8,012) | (23,942) |
| Net cash (used in)/generated from operating activities | | (121,606) | 2,543,699 |
| Investing activities | | | |
| Paid to purchase of investment in associate | | - | (27,417) |
| Proceeds from sale of associate | | 1,846 | - |
| Paid to purchase of Property, plant and equipment | | (44,568) | (112,921) |
| Proceeds from sale of Property and equipment | | - | 8,236 |
| Proceeds from sale of investments at fair value through statement of income | | 644,957 | - |
| Proceeds from sale of available for sale investments | | 2,125 | - |
| Proceeds from sale of investment properties | | 301,594 | 214,433 |
| Paid to purchase of properties investment and properties under development | 10 | (329,761) | (1,576,533) |
| Dividends income received from associate | | - | 33,351 |
| Net cash generated from/(used in) investing activities | | 576,193 | (1,460,851) |
| Financing activities | | | |
| Wakala payables | | (66,031) | (1,134,763) |
| Cost of Wakala paid | | (36,375) | - |
| Net movement on non-controlling interests | | 49,585 | (32,050) |
| Net cash used in financing activities | | (52,821) | (1,166,813) |
| Foreign currencies translation differences | | 14,951 | - |
| Net increase/(decrease) in cash and cash equivalents | | 416,717 | (83,965) |
| Net change in non-controlling interests | | - | 5,139 |
| Cash and cash equivalents at beginning of the period | | 481,170 | 993,231 |
| Cash and cash equivalents at end of the period | 6 | 897,887 | 914,405 |

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 changes in equity for the six months ended June 30, 2015 (Unaudited)

"All amounts are in Kuwaiti Dinar"

| | Share capital | Share premium | Treasury shares | Changes in fair value reserve | Revaluation surplus | Foreign currencies translation reserve | Accumulated losses | Equity attributable to the shareholders of the Parent Company | Non-controlling interests | Total equity |
|---|---------------|---------------|-----------------|-------------------------------|---------------------|--|--------------------|---|---------------------------|--------------|
| Balance at January 1, 2014 (adjusted) | 21,386,865 | 4,990,296 | (4,573,296) | (135) | 87,350 | (9,589) | (3,621,237) | 18,260,254 | 3,929,565 | 22,189,819 |
| Loss for the period | - | - | - | - | - | - | (993,471) | (993,471) | (32,050) | (1,025,521) |
| Other comprehensive income | - | - | - | 450 | - | - | - | 450 | - | 450 |
| Total comprehensive loss for the period | - | - | - | 450 | - | - | (993,471) | (993,021) | (32,050) | (1,025,071) |
| Net movement on non-controlling interests | - | - | - | - | - | - | - | - | 5,139 | 5,139 |
| Balance at June 30, 2014 (adjusted) | 21,386,865 | 4,990,296 | (4,573,296) | 315 | 87,350 | (9,589) | (4,614,708) | 17,267,233 | 3,902,654 | 21,169,887 |
| Balance at January 1, 2015 | 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 for the period | - | - | - | - | - | - | (392,821) | (392,821) | 49,585 | (343,236) |
| Other comprehensive loss for the period | - | - | - | (10,575) | - | - | - | (10,575) | - | (10,575) |
| Total comprehensive loss for the period | - | - | - | (10,575) | - | - | (392,821) | (403,396) | 49,585 | (353,811) |
| Balance at June 30, 2015 | 21,386,865 | 4,990,296 | (4,573,296) | (10,605) | 85,479 | (438) | (4,991,038) | 16,887,263 | 4,153,959 | 21,041,222 |

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

Al Madar Finance and Investment Company
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Notes to the interim condensed consolidated financial information for the six months ended June 31, 2015

(Unaudited)

"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 purchase 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 Istihwaz Holding Company K.S.C. (Closed) (the "Ultimate Parent Company").

The interim condensed consolidated financial information for the six-month period ended June 30, 2015 was authorized for issue by the Board of Directors on March 16, 2016.

2- Basis of presentation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Capital Markets Authority ("CMA"), Kuwait Stock Exchange ("KSE") and the Central Bank of Kuwait ("CBK").

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(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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.

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

Operating results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended December 31, 2014.

3- Significant accounting policies

This interim condensed consolidated financial information has been prepared in accordance with the accounting policies and methods of computation adopted in the last annual consolidated financial statements for the year ended December 31, 2014 except for the adoption of the following new standards and amendments as follows:

New and amended standards effective as of January 1, 2015:

- **Amendments to IAS 19 "Defined Benefit Plans - Employee Contributions"**
(Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).

New and amended standards not yet effective:

- **IFRS 9 "Financial Instruments"**
(Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted).
- **IFRS 14 "Regulatory Deferral Accounts"**
(Effective for annual periods beginning on or after July 1, 2016 with earlier application permitted).
- **IFRS 15 "Revenue from Contracts with Customers"**
(Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted).
- **Amendments to IFRS 11 "Accounting for Acquisitions of Interest in Joint Operations"**
(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).

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Notes to the interim condensed consolidated financial information for the six months ended June 31, 2015

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

- **Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"**
(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
- **Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"**
(Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).

The adoption of above standards did not have material impact on the accounting policies, interim condensed consolidated financial position or performance of the group.

4- Critical accounting estimates and judgments

The preparation of interim condensed consolidated financial information in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that 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 are based on management's best knowledge of current events, actual results may differ from those estimates

5- Consolidated subsidiaries

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

| | <u>Country</u> | <u>Activity</u> | <u>Shareholding percentage %</u> | | |
|---|----------------|---|----------------------------------|------------------------------------|----------------------|
| | | | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
| Kuwait Building Real Estate Co. K.S.C.C | Kuwait | Real estate | - | 96% | 96% |
| Dar Al-Thuraya Real Estate Co. K.P.S.C | Kuwait | Real estate | 88.35% | 88.35% | 88.35% |
| Pack & Move Holding Co. K.S.C (Holding) | Kuwait | Holding | - | - | 99.625% |
| Golden Madar Real Estate Co. W.L.L | Kuwait | Real estate | - | 98% | 98% |
| Middle East International Livestock Company K.S.C.C | Kuwait | Importing and exporting livestock | - | - | 96% |
| 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% |

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Notes to the interim condensed consolidated financial information for the six months ended June 31, 2015

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

| | <u>Country</u> | <u>Activity</u> | <u>Shareholding percentage %</u> | | |
|--|----------------|-----------------|----------------------------------|------------------------------------|----------------------|
| | | | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
| Al Madar Real Estate Development K.S.C (Closed) | Kuwait | Real estate | 59.28% | 59.28% | - |
| Murooj Gulf Company L.L.C | Oman | Real estate | 75% | 75% | - |
| Al Thoraya for warehousing and refrigeration Company K.S.C.C | Kuwait | warehousing | 96% | - | - |

- During the period' the parent company had made shares restructuring in the subsidiaries, accordingly, the parent company signed selling and withdrawing contracts. As a result it has waived on its shares in 96% of its subsidiaries (Kuwait Building Real Estate Co. K.S.C (Closed)) and 98% of (Golden Madar Real Estate Co. W.L.L) in favor of Dar Al- Thuraya Real Estate Co. K.S.C (Public), the parent company had also acquired a share of 96% from Al Thoraya for warehousing and refrigeration Company K.S.C.C - a subsidiary of Kuwait Building Real Estate Co. K.S.C (Closed)-. The restructuring and waiver contracts had no effect on the interim condensed consolidated statement of income not on the interim condensed consolidated statement cash flows.
- During the period ended June 30, 2015 the group had consolidated the interim condensed financial information of Kuwait Fiduciary International For Programming and Printing Software Company W.L.L, Al Madar Real Estate Development K.S.C (Closed), Murooj Gulf Company L.L.C and Al Thoraya for warehousing and refrigeration Company K.S.C.C based on financial information prepared by the management.

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

| | <u>Country</u> | <u>Activity</u> | <u>Shareholding percentage %</u> | | |
|---|----------------|---------------------------------|----------------------------------|------------------------------------|----------------------|
| | | | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
| Thuraya Star W.L.L | Kuwait | General Trading and Contracting | 99% | 99% | 99% |
| Al Madar Al Kuwait Building Contracts Co. L.L.C | UAE | Real estate | - | - | 99% |
| Al Madar Real Estate Development K.S.C.C | Kuwait | Real estate | - | - | 59.28% |
| Murooj Gulf Company L.L.C | Oman | Real estate | - | - | 75% |
| Pack In Move Holding Co. K.S.C (Holding) | Kuwait | Holding | 99.88% | 99.88% | - |

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Notes to the interim condensed consolidated financial information for the six months ended June 31, 2015

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

| | <u>Country</u> | <u>Activity</u> | <u>Shareholding percentage %</u> | | |
|---|----------------|-----------------|----------------------------------|------------------------------------|----------------------|
| | | | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
| Kuwait Building Real Estate Co. K.S.C.C | Kuwait | Real estate | 96% | - | - |
| Golden Madar Real Estate Co. W.L.L | Kuwait | Real estate | 98% | - | - |

6- Cash and cash equivalents

| | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
|---------------|----------------------|------------------------------------|----------------------|
| Cash on hand | 43,333 | 33,575 | 64,399 |
| Cash at banks | 854,554 | 447,595 | 850,006 |
| | <u>897,887</u> | <u>481,170</u> | <u>914,405</u> |

The effective yield rate on saving accounts as at June 30, 2015 was 0.94% (As of December 31, 2014: 0.94% and as of June 30, 2014: 1.30%).

7- Investments at fair value through statement of income

| | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
|---|----------------------|------------------------------------|----------------------|
| Investments held for trading | - | - | 38,525 |
| Investments at fair value through statement of income at acquisition date | 3,015,208 | 3,526,806 | 3,486,765 |
| | <u>3,015,208</u> | <u>3,526,806</u> | <u>3,525,290</u> |

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

| | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
|--------------------------------------|----------------------|------------------------------------|----------------------|
| Investments in quoted local shares | - | - | 38,525 |
| Investments in unquoted local shares | 293,725 | 264,388 | 275,030 |
| Investments in local funds | 41,257 | 252,158 | 269,339 |
| Investments in foreign funds | 2,680,226 | 3,010,260 | 2,942,396 |
| | <u>3,015,208</u> | <u>3,526,806</u> | <u>3,525,290</u> |

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.

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8- Receivables and other debit balances

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|---|--------------------------|--|--------------------------|
| Trade receivables | 9,597,396 | 9,779,778 | 9,966,334 |
| Provision for doubtful debts | (6,802,691) | (6,402,989) | (6,043,630) |
| | <u>2,794,705</u> | <u>3,376,789</u> | <u>3,922,704</u> |
| Receivables from sale of financial, investments properties and services | 974,567 | 1,143,688 | 956,083 |
| Accrued revenue | 461,707 | 505,424 | 510,973 |
| Staff receivables | 16,974 | 22,500 | 15,620 |
| Prepaid expenses | 1,246,760 | 872,937 | 1,009,247 |
| Other receivables | 983,570 | 963,965 | 899,125 |
| | <u>6,478,283</u> | <u>6,885,303</u> | <u>7,313,752</u> |

- Receivables from sale of financial investments, properties and services has been presented after deducting doubtful debt provision of KD 699,420 as at June 30, 2015 (December 31, 2014: KD 699,420 and June 30, 2014: KD 1,270,470).
- Other receivables have been presented after deducting doubtful debt provision of KD 122,057 as at June 30, 2015 represent provisions recorded in subsidiaries (December 31, 2014: KD 122,057 and June 30, 2014: KD 235,282).
- 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 4,370,047 for trade receivables as at June 30, 2015 (December 31, 2014: KD 4,400,349 and June 30, 2014: KD 4,798,434).
- The Group does not incur any finance charges on the overdue receivables.

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

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--------------------|--------------------------|--|--------------------------|
| Specific provision | 7,624,168 | 7,224,466 | 7,549,382 |
| General provision | - | - | - |
| | <u>7,624,168</u> | <u>7,224,466</u> | <u>7,549,382</u> |

9- Available for sale investments

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--------------------------|--|--------------------------|
| Investments in quoted local shares | 1,438 | 1,513 | 1,858 |
| Investments in unquoted local shares | 26,001 | 37,751 | 37,751 |
| Investments in unquoted foreign shares | 41,194 | 41,194 | 41,194 |
| | <u>68,633</u> | <u>80,458</u> | <u>80,803</u> |

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Investments in unquoted local and foreign investments of KD 46,195 (December 31, 2014: KD 78,945 and June 30, 2014: KD 78,945) were recognized at cost as there is no reliable measurement instrument to measure its fair value at the date of interim condensed consolidated financial position.

The following is analysis of the movement of available for sale investments during the period/ year/period:

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--------------------------|--|--------------------------|
| Balance at beginning of the period/ year/period | 80,458 | 80,353 | 80,353 |
| Disposals | (1,250) | - | - |
| Change in fair value | (10,575) | 105 | 450 |
| Balance at the ending of the period/year/ period | 68,633 | 80,458 | 80,803 |

Available for sale investments include unquoted foreign investments at an original cost of KD 3,698,839 carried forward from the year 2009, as these investments are the subject of a legal dispute. The management decided to reduce the cost of these investments in previous years until it is finally resolved.

10- Investment properties

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--------------------------|--|--------------------------|
| Investment properties | | | |
| Balance at beginning of the period/ year/period | 15,753,165 | 11,395,560 | 11,395,560 |
| Additions | 124,679 | 37,051 | 37,686 |
| Disposals | - | (152,000) | - |
| Transferred from Properties under development | 2,010,588 | 4,600,000 | 4,600,000 |
| Change in fair value | - | (229,454) | - |
| Foreign currencies translation differences | - | 102,008 | - |
| Balance at the ending of the period/year/ period | 17,888,432 | 15,753,165 | 16,033,246 |

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| Properties under development | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--------------------------|--|--------------------------|
| Balance at beginning of the period/ year/period | 13,431,673 | 15,919,639 | 15,919,639 |
| Additions | 205,082 | 2,014,783 | 1,538,847 |
| Disposals | (224,559) | (642,979) | (195,069) |
| Transferred to Investment properties | (2,010,588) | (4,600,000) | (4,600,000) |
| Change in fair value | - | 478,784 | - |
| Foreign currency translation differences | - | 261,446 | - |
| Balance at the ending of the period/year/ period | 11,401,608 | 13,431,673 | 12,663,417 |
| Balance at the ending of the period/year/ period | 29,290,040 | 29,184,838 | 28,696,663 |

During the period, properties under development comprising of land and a building of KD 2,010,588 has been transferred to investment properties after finalizing the construction works.

11- Investment in associates

The statement of these investments of associates is shows as follows:

| | | | ownership percentage % | | |
|--|----------------|---------------------------------|--------------------------|--|--------------------------|
| | <u>Country</u> | <u>Activity</u> | <u>June 30, 2015</u> | <u>December 31, 2014 (Audited)</u> | <u>June 30, 2014</u> |
| Foodna United Company W.L.L | Kuwait | General Trading and Contracting | - | %49 | %49 |
| Interpack Kuwait Limited for General Trading and Contracting Company W.L.L | Kuwait | General Trading and Contracting | %40 | %40 | %40 |
| Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E) | Egypt | Medical equipment | %22.50 | %22.50 | %22.50 |

- The Group's share in associate's results as of June 30, 2015 are recorded based on financial information prepared by management as of March 31, 2015 as it is the last available financial information for the associates.
- Management considers that there are no significant transactions during the three months ended June 30, 2015 that may have material effect on the Group and its interim condensed consolidated financial position.

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- During the period the parent company settled a debt with one of the wakala payables (Note 12) amounting to KD 984,000 against the waiver of its share amounted 49% of one of its associates (Fodna United Company - WLL) , the settlement of the debt and waiver resulted in profit amounted KD 589,923 that was included in the interim condensed consolidated income statement.

12- Wakala payables

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|---------------------|--------------------------|--|--------------------------|
| Current portion | 22,497,406 | 24,034,231 | 24,245,288 |
| Non-current portion | 302,000 | 293,290 | 376,367 |
| | 22,799,406 | 24,327,521 | 24,621,655 |

- The average effective cost on wakala is 4% as at June 30, 2015 (December 31, 2014: 4% and June 30, 2014: 4%).
- During the period, the parent company settled one of its payables amounted KD 984,000 Kuwaiti Dinars against waiving its share in an associate company (Note 11).

13- Payables and other credit balances

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--------------------------|--|--------------------------|
| Trade payables | 1,443,280 | 837,895 | 564,690 |
| Accrued expenses | 60,057 | 69,705 | 53,282 |
| Payables of purchase of land and financial investments | 1,593,262 | 1,400,654 | 921,654 |
| | 3,096,599 | 2,308,254 | 1,539,626 |

14- 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/rendered from/to related parties beside other expenses. Amounts due from/to related parties have no fixed maturity date.

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

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|--|--|--|--------------------------|
| Balances | | | |
| Investment at fair value through statement of income | 44,272 | 84,534 | 83,430 |
| Due from related parties | 1,011,536 | 1,004,214 | 1,331,585 |
| Wakala payables | 16,752,326 | 17,227,627 | 17,488,856 |
| Due to related parties | 2,011,797 | 1,960,137 | 2,928,651 |
| | The Three months ended June 30, | The Six months ended June 30, | |
| Transactions | 2015 | 2014 | 2015 |
| Profit from financial investment | - | - | 54,366 |
| Discount granted against settlement of wakala contract | - | - | 160,000 |
| Salaries and other short term benefits | 74,147 | - | 148,181 |
| Provision for staff end of service indemnity | 6,999 | - | 13,845 |

15- Gain/(loss) per share attributable to shareholders of the Parent Company/(Fils)

Gain/(loss) per share is calculated by dividing the net gain/(loss) for the period attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding for issued capital during the period taking into account treasury shares:

| | The Three months ended June 30, | The Three months ended June 30, | | |
|---|--|--|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net gain/(loss) for the period attributable to shareholders of the Parent Company | 36,656 | (58,496) | (392,821) | (993,471) |
| Weighted average number of outstanding shares during the period/(share) | 207,023,554 | 207,023,554 | 207,023,554 | 207,023,554 |
| Gain/(loss) per share attributable to shareholders of the Parent Company/(Fils) | 0.17 | (0.28) | (1.90) | (4.79) |

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16- Treasury shares

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|---|--------------------------|--|--------------------------|
| Number of shares purchased (share) | 6,845,096 | 6,845,096 | 6,845,096 |
| Ownership percentage (percentage of treasury shares from the total issued shares) | %3.2 | %3.2 | %3.2 |
| Cost | 4,573,296 | 4,573,296 | 4,573,296 |
| Market value (KD) | 140,324 | 243,001 | 294,339 |

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.

17- 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 9,317,000 (December 31, 2014: KD 11,118,000 and June 30, 2014: KD 7,986,000), including a portfolio managed on behalf of the Ultimate Parent Company amounting to KD 140,301 as at June 30, 2015 (December 31, 2014: KD 196,905 and June 30, 2014: KD 231,239).

18- 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.

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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.

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 six months ended | | The six months ended | |
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Investment properties | 716,716 | 511,004 | 716,716 | 511,004 |
| Financial investments | 557,822 | 252,234 | 557,822 | 252,234 |
| Corporate finance | 167,066 | (10,408) | (70,379) | (697,670) |
| Other | 711,060 | 603,562 | 711,060 | 603,562 |
| | 2,152,664 | 1,356,392 | 1,915,219 | 669,130 |
| General and administrative expenses | | | (1,598,456) | (1,462,664) |
| Depreciation and amortization | | | (105,469) | (74,504) |
| Provision for doubtful debts | | | (554,530) | (157,483) |
| Loss for the period | | | (343,236) | (1,025,521) |

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

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|-----------------------------|-------------------|-----------------------------|-------------------|
| Segment assets | | | |
| Investment properties | 29,290,040 | 29,184,838 | 28,696,663 |
| Financial investments | 4,472,755 | 5,451,082 | 5,534,558 |
| Corporate finance | 2,794,705 | 3,376,789 | 3,922,704 |
| Other | 13,165,324 | 12,627,122 | 12,676,749 |
| Total segment assets | 49,722,824 | 50,639,831 | 50,830,674 |

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| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 (Adjusted) |
|----------------------------------|-------------------|-----------------------------------|--------------------------------|
| Segment liabilities | | | |
| Investment properties | 1,215,960 | 979,963 | 887,956 |
| Corporate finance | 22,799,406 | 24,327,521 | 24,621,655 |
| Other | 4,666,236 | 3,937,314 | 4,151,176 |
| Total segment liabilities | 28,681,602 | 29,244,798 | 29,660,787 |

19- General Assembly of Shareholders

The Shareholders' Ordinary and Extraordinary General Assembly was held on December 14, 2015 and approved the Group consolidated financial statements for the year ended December 31, 2014 and approved the Board of Directors proposed not to distribute dividends and there is no remuneration for the Board of Directors for the financial year ended December 31, 2014.

20- 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:

| | June 30, 2015 | December 31, 2014 (Audited) | June 30, 2014 |
|---|-------------------|-----------------------------------|-------------------|
| Financial assets | | | |
| Cash and cash equivalents | 897,887 | 481,170 | 914,405 |
| Term deposits | 200,000 | 200,000 | 200,000 |
| Investments at fair value through statement of income | 3,015,208 | 3,526,806 | 3,525,290 |
| Receivables and other debit balances | 6,478,283 | 6,885,303 | 7,313,752 |
| Due from related parties | 1,011,536 | 1,004,214 | 1,331,585 |
| Available for sale investments | 68,633 | 80,458 | 80,803 |
| | 11,671,547 | 12,177,951 | 13,365,835 |
| Financial liabilities | | | |
| Wakala payables | 22,799,406 | 24,327,521 | 24,621,655 |
| Payables and other credit balances | 3,096,599 | 2,308,254 | 1,539,626 |
| Due to related parties | 2,011,797 | 1,960,137 | 2,928,651 |
| | 27,907,802 | 28,595,912 | 29,089,932 |

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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.

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

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.

As at June 30, 2015:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|---|----------------|------------------|------------------|
| <i>Investments at fair value through statement of income</i> | | | |
| Unquoted shares | - | 116,610 | 116,610 |
| Investment funds | - | 2,670,690 | 2,670,690 |
| <i>Available for sale investments</i> | | | |
| Quoted shares | 1,438 | - | 1,438 |
| Unquoted shares | - | 21,000 | 21,000 |
| Total | 1,438 | 2,808,300 | 2,809,738 |

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As at December 31, 2014 (Audited):

| | Level 1 | Level 2 | Total |
|--|---------|-----------|-----------|
| <i>Investments at fair value through statement of income</i> | | | |
| Unquoted shares | - | 104,386 | 104,386 |
| Investment funds | - | 3,211,626 | 3,211,626 |
| <i>Available for sale investments</i> | | | |
| Quoted shares | 1,513 | - | 1,513 |
| Total | 1,513 | 3,316,012 | 3,317,525 |

As at June 30, 2014:

| | Level 1 | Level 2 | Total |
|--|---------|-----------|-----------|
| <i>Investments at fair value through statement of income</i> | | | |
| Quoted shares | 38,525 | - | 38,525 |
| Unquoted shares | - | 86,130 | 86,130 |
| Investment funds | - | 3,160,942 | 3,160,942 |
| <i>Available for sale investments</i> | | | |
| Quoted shares | 1,858 | - | 1,858 |
| Total | 40,383 | 3,247,072 | 3,287,455 |

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

21- 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 June 30, 2015 amounted to KD 16,002,888 (as of December 31, 2014: KD 16,205,129) and as the Group retains with suitable cash reserves and owned properties investment as of June 30, 2015 amounted to KD 29,290,040 (as of December 31, 2014: KD 29,184,838) and which the Group intends to sell or use them to settle its debt with creditors related to wakala payables as of June 30, 2015 amounted to KD 22,799,406 (as of December 31, 2014: KD 24,327,521) in addition the Group also retains with warranties amounted to KD 4,370,047 as of June 30, 2015 (as of December 31, 2014: KD 4,400,349) against accounts receivable that due from customers which referring to that the Group will be able to meet its current liabilities.

22- Comparative figures

Certain comparative figures of the previous financial period/year have been reclassified to conform to the current financial period presentation.