

**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 six month period ended 30 June 2016**

**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 six month period ended 30 June 2016**

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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 30 June 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows 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 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*

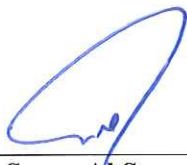
Without qualifying our conclusion, we draw attention to note 20 of the interim condensed consolidated financial information which indicates that the current liabilities of the Group exceeded its current assets with an amount of KD 18,882,879 as at 30 June 2016 (31 December 2015: KD 17,214,309 and 30 June 2015: KD 16,002,888).

**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, its 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 six month period ended 30 June 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 six month period ended 30 June 2016 of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.



**Faisal Saqer Al Saqer**  
**Licence No. 172 - (A)**  
**BDO Al Nisf & Partners**



**Abdulhussain M. Al- Rasheed**  
**Licence No. 67 - (A)**  
**Rödl Middle East – Burgan**  
**International Accountants**

**Kuwait: 8 May 2017**

**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 30 June 2016

		<b>30 June</b>	<b>(Audited)</b>	<b>30 June</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	505,378	657,800	897,887
Term deposits		-	-	200,000
Investments at fair value through statement of income	6	280,990	1,890,643	3,015,208
Receivables and other debit balances	7	5,563,423	5,708,886	6,478,283
Due from related parties	13	1,271,045	1,020,321	1,011,536
Available for sale investments	8	63,398	63,353	68,633
Investment properties	9	25,733,957	25,878,659	29,290,040
Investments in associates	10	1,295,634	1,383,233	1,188,914
Property, plant and equipment		7,185,121	7,247,178	7,156,750
Intangible assets		368,079	379,952	415,573
<b>Total assets</b>		<b>42,267,025</b>	<b>44,230,025</b>	<b>49,722,824</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Wakala payables	11	23,037,213	23,026,904	22,799,406
Payables and other credit balances	12	1,788,256	1,820,199	4,313,308
Due to related parties	13	1,830,234	1,796,844	795,088
Employees' end of service indemnity		893,187	837,018	773,800
<b>Total liabilities</b>		<b>27,548,890</b>	<b>27,480,965</b>	<b>28,681,602</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	14	(4,573,296)	(4,573,296)	(4,573,296)
Change of fair value reserve		(15,840)	(15,885)	(10,605)
Revaluation surplus		147,324	147,324	85,479
Foreign currency translation reserve		87,804	126,890	(438)
Other reserves		(122,147)	(122,147)	-
Accumulated losses		(9,323,934)	(7,324,047)	(4,991,038)
<b>Total equity attributable to the shareholders of Parent Company</b>		<b>12,577,072</b>	<b>14,616,000</b>	<b>16,887,263</b>
Non-controlling interests		2,141,063	2,133,060	4,153,959
<b>Total equity</b>		<b>14,718,135</b>	<b>16,749,060</b>	<b>21,041,222</b>
<b>Total equity and liabilities</b>		<b>42,267,025</b>	<b>44,230,025</b>	<b>49,722,824</b>

The accompanying notes on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

**Bader Khaled AlBahar**  
Chairman



**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 six month period ended 30 June 2016

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2016	2015	2016	2015
		KD	KD	KD	KD
<b>Revenue</b>					
Rental income		361,755	278,070	717,020	639,681
Net sales profit		200,152	244,701	395,424	573,158
Investment services revenues		18,377	19,311	47,057	54,383
Finance revenues/ (Murabaha)		1,571	12,238	28,316	12,238
Realized (loss)/ profit on sale of investments at fair value through statement of income		(229,224)	3,099	(229,224)	3,442
Change in fair value of investments at fair value through statement of income		230,672	(21,009)	(6,216)	(25,286)
Realized profit on disposal of available for sale investments		-	-	-	875
Profit from settlement of wakala contract		-	589,923	-	589,923
Share of associates' results		-	(33,063)	(25,534)	(11,132)
Profit on disposal of investment properties		10,264	77,035	28,817	77,035
Foreign currency translation differences		(10,653)	17,230	(10,653)	66,348
Reversal of provision for receivables and other debit balances		-	64,043	-	154,828
Other income		18,055	8,979	46,246	17,171
<b>Total income</b>		<u>600,969</u>	<u>1,260,557</u>	<u>991,253</u>	<u>2,152,664</u>
<b>Expenses and other charges</b>					
General and administrative expenses		850,876	786,021	1,732,006	1,703,925
Provision for doubtful debts		1,023,899	277,265	1,205,795	554,530
Wakala finance costs		4,413	122,567	45,336	237,445
<b>Total expenses and other charges</b>		<u>1,879,188</u>	<u>1,185,853</u>	<u>2,983,137</u>	<u>2,495,900</u>
<b>(Loss)/ profit for the period</b>		<u>(1,278,219)</u>	<u>74,704</u>	<u>(1,991,884)</u>	<u>(343,236)</u>
<b>Attributable to:</b>					
Shareholders of the Parent Company		(1,295,497)	36,656	(1,999,887)	(392,821)
Non-controlling interests		17,278	38,048	8,003	49,585
<b>(Loss)/ profit for the period</b>		<u>(1,278,219)</u>	<u>74,704</u>	<u>(1,991,884)</u>	<u>(343,236)</u>
<b>Basic and diluted (loss)/ earnings per share attributable to equity holders of the Parent Company (fils)</b>	15	<u>(6.26)</u>	<u>0.18</u>	<u>(9.66)</u>	<u>(1.90)</u>

The accompanying notes on pages 8 to 21 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 six month period ended 30 June 2016

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</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>
(Loss)/ profit for the period	(1,278,219)	74,704	(1,991,884)	(343,236)
<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	15	(10,560)	45	(10,575)
Foreign currency translation reserve	-	-	(39,086)	-
Total other comprehensive income/ (losses)	15	(10,560)	(39,041)	(10,575)
<b>Total comprehensive (loss)/ income for the period</b>	<b>(1,278,204)</b>	<b>64,144</b>	<b>(2,030,925)</b>	<b>(353,811)</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	(1,295,482)	26,096	(2,038,928)	(403,396)
Non-controlling interests	17,278	38,048	8,003	49,585
	<b>(1,278,204)</b>	<b>64,144</b>	<b>(2,030,925)</b>	<b>(353,811)</b>

The accompanying notes on pages 8 to 21 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 six month period ended 30 June 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 reserves KD	Accumulated losses KD	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	-	-	-	-	-	-	-	(392,821)	(392,821)	49,585	(343,236)
Other comprehensive loss	-	-	-	(10,575)	-	-	-	-	(10,575)	-	(10,575)
Total comprehensive (loss)/ income for the period	-	-	-	(10,575)	-	-	-	(392,821)	(403,396)	49,585	(353,811)
<b>At 30 June 2015</b>	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
<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)/ profit for the period	-	-	-	-	-	-	-	(1,999,887)	(1,999,887)	8,003	(1,991,884)
Other comprehensive income/ (loss)	-	-	-	45	-	(39,086)	-	-	(39,041)	-	(39,041)
Total comprehensive income/ (loss) for the period	-	-	-	45	-	(39,086)	-	(1,999,887)	(2,038,928)	8,003	(2,030,925)
<b>At 30 June 2016</b>	21,386,865	4,990,296	(4,573,296)	(15,840)	147,324	87,804	(122,147)	(9,323,934)	12,577,072	2,141,063	14,718,135

The accompanying notes on pages 8 to 21 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 six month period ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(1,991,884)	(343,236)
<i>Adjustments for:</i>			
Depreciation and amortization		102,155	105,469
Wakala finance costs		45,336	237,445
Change in fair value of investments at fair value through statement of income		6,216	25,286
Realized (loss)/ profit on sale of investments at fair value through statement of income		229,224	(3,442)
Realized profit on disposal of available for sale investments		-	(875)
Gain on sale of investment properties		(28,817)	(77,035)
Profit from settlement of wakala contract		-	(589,923)
Share of associates' results		25,534	11,132
Provision for doubtful debts		1,205,795	554,530
Reversal of provision for receivables and other debit balances		-	(154,828)
Foreign currency translation differences		10,653	(66,348)
Employees' end of service indemnity		103,428	132,926
<i>Operating loss before changes in working capital items</i>		(292,360)	(168,899)
Investments at fair value through statement of income		-	(155,203)
Receivables and other debit balances		326,207	42,062
Related parties - net		(217,334)	(1,172,371)
Payables and other credit balances		(31,943)	1,355,768
Cash flows used in operating activities		(215,430)	(98,643)
Payment of end of service indemnity		(47,259)	(8,012)
<b>Net cash flows used in operating activities</b>		<b>(262,689)</b>	<b>(106,655)</b>
<b>INVESTING ACTIVITIES</b>			
Proceed from settlement of wakala contract		-	1,846
Proceeds on sale of investments at fair value through statement of income		-	644,957
Proceeds from sale of available for sale investments		-	2,125
Paid for purchase of investment properties	9	(48,725)	(329,761)
Proceeds from sale of investment properties		222,244	301,594
Paid for purchase of property, plant and equipment		(28,225)	(44,568)
<b>Net cash flows from investing activities</b>		<b>145,294</b>	<b>576,193</b>
<b>FINANCING ACTIVITIES</b>			
Wakala payables		-	(66,031)
Wakala costs paid		(35,027)	(36,375)
Net movement in non-controlling interests		-	49,585
<b>Net cash flows used in financing activities</b>		<b>(35,027)</b>	<b>(52,821)</b>
Net (decrease)/ increase in cash and bank balances		(152,422)	416,717
Cash and bank balances at the beginning of the period		657,800	481,170
<b>Cash and bank balances at the end of the period</b>	5	<b>505,378</b>	<b>897,887</b>

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

**Non-cash transactions:**

Dividends received from an associate	22,979	-
Investment swap at fair value through statement of income against assignment of receivables	21,825	-
Sale of investment at fair value through statement of income	1,388,027	-

The accompanying notes on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 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. The Company’s shares have been listed in the Kuwait Stock Exchange since 20 June 2005.

The 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 issuing and exchanging Islamic bonds of all kinds and forms for its clients.
- Management of portfolio and third party funds.
- Purchasing, leasing, acquiring, renting, and licensing all kinds of investment equipments and subsequently selling or disposing 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 Company achieve its objectives inside Kuwait and abroad. The Company may also purchase 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 Kuwait Companies Law 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, cancelled the Companies Law No. 25 of 2012, as amended. This Law shall be applicable as of 26 November 2012. The executive regulations of this law has been issued and published in the Official Gazette on 17 July 2016.

The consolidated condensed interim financial information for the six month period ended 30 June 2016 was authorized for issue by the Board of Directors on 8 May 2017.

**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.

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the six month period ended 30 June 2016

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

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") 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.

Operating results for the six month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, 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 interim condensed consolidated financial information are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and amendments effective as of 1 January 2016. The nature and the impact of these changes are set out below. New standards and amendments apply for the first time in 2016. However, they do not materially 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:

**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:

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2016

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

**b) Standards issued but not effective (continued)**

*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.

**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)		
			30 June 2016	31 December 2015	30 June 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 Company K.S.C. (Closed) *	Kuwait	Real estate	98.5%	98.5%	59.28%
Al Murooj Gulf LLC	Oman	Real estate	-	-	75%
Althuraya for Warehousing & Cold Storage K.S.C. (Closed) *	Kuwait	Warehousing	96%	96%	96%

**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 six month period ended 30 June 2016

**3. Basis of consolidation (Continued)**

\* 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 30 June 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 %		
			30 June 2016	(Audited) 31 December 2015	30 June 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%

**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**

	30 June 2016	(Audited) 31 December 2015	30 June 2015
	KD	KD	KD
Bank balances	437,581	618,817	43,333
Cash on hand	67,797	38,983	854,554
	<u>505,378</u>	<u>657,800</u>	<u>897,887</u>

Cash at banks includes unrestricted current and saving accounts with local banks.

The average effective yield rate on the saving accounts as at 30 June 2016 was 0.73% per annum (31 December 2015: 0.94% per annum, and 30 June 2015: 0.94%).

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

Analysis of investments at fair value through profit or loss is as follows for the year/period:

	<b>30 June 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 June 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment in unquoted local shares	189,050	173,441	293,725
Investments in portfolio - local funds	41,147	41,147	41,257
Investments in portfolio – foreign funds	50,793	1,676,055	2,680,226
	<u>280,990</u>	<u>1,890,643</u>	<u>3,015,208</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 30 June 2015: KD 259,328) 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

A foreign Fund has been liquidated during the period and KD 1,388,027 has been recognized in receivables from sale of financial investments, properties and services (Note 7) which resulted in loss of KD 229,224 recognized in the interim condensed consolidated statement of income.

**7. Receivables and other debit balances**

	<b>30 June 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 June 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade receivables	9,321,320	9,526,976	9,597,396
Provision for doubtful debts	(8,628,192)	(7,422,397)	(6,802,691)
	<u>693,128</u>	<u>2,104,579</u>	<u>2,794,705</u>
Receivable for financial and real estate investments and services	2,193,391	980,004	974,567
Accrued revenues	678,090	509,859	461,707
Staff receivables	22,809	16,247	16,974
Prepaid expenses	571,596	901,118	1,246,760
Other receivables	1,404,409	1,197,079	983,570
	<u>5,563,423</u>	<u>5,708,886</u>	<u>6,478,283</u>

Receivable for financial and real estate investments and services has been presented after deducting doubtful debt provision of KD 748,480 as at 30 June 2016 (31 December 2015: KD 748,480 and 30 June 2015: KD 699,420).

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**7. Receivables and other debit balances (Continued)**

The item "other receivables" after deducting a provision for doubtful debts of KD 122,057 as at 30 June 2016 (31 December 2015: KD 122,057, and 30 June 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 1,041,059 for trade receivables as at 30 June 2016 (31 December 2015: KD 4,205,884, and 30 June 2015: KD 4,370,047).

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

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

	<b>30 June 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 June 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Specific provision	<u>9,498,729</u>	<u>8,292,934</u>	<u>7,624,168</u>

**8. Available for sale investments**

	<b>30 June 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 June 2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment in quoted local shares	1,453	1,408	1,438
Investment in unquoted local shares	20,751	20,751	26,001
Investment in unquoted foreign shares	<u>41,194</u>	<u>41,194</u>	<u>41,194</u>
	<u>63,398</u>	<u>63,353</u>	<u>68,633</u>

Investments in local and foreign shares include unquoted shares of KD 61,945 (31 December 2015: KD 61,945 and 30 June 2015: KD 46,195) 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 are disclosed in Note 19.



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**9. Investment properties**

	<b>30 June 2016 KD</b>	<b>(Audited) 31 December 2015 KD</b>	<b>30 June 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	2,010,588
Change in fair value	-	(483,234)	-
Foreign currency translation differences	-	60,181	-
Balance at end of the period/ year/ period	16,025,352	16,025,352	17,888,432
	<b>30 June 2016 KD</b>	<b>(Audited) 31 December 2015 KD</b>	<b>30 June 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	48,725	516,030	205,082
Disposals	(193,427)	(1,840,824)	(224,559)
Transfer to investment properties	-	(2,010,588)	(2,010,588)
Change in fair value	-	(312,508)	-
Foreign currency translation differences	-	69,524	-
Balance at end of the period/ year/ period	9,708,605	9,853,307	11,401,608
	25,733,957	25,878,659	29,290,040

**10. Investment in associates**

The details of such investments in associates are as follows:

<b>Name of associate</b>	<b>Country of incorporation</b>	<b>Measurement method</b>	<b>Activity</b>	<b>Voting rights and equity interest %</b>		
				<b>30 June 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 June 2015</b>
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%

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**10. Investment in associates (Continued)**

The carrying value of each individual associate is as follows:

<u>Name of associate</u>	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
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
	<u>1,295,634</u>	<u>1,383,233</u>	<u>1,188,914</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 as the associates did not have available financial statements as at 30 June 2016.

**11. Wakala payables**

	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Current portion	22,885,225	22,874,916	22,497,406
Non-current portion	151,988	151,988	302,000
	<u>23,037,213</u>	<u>23,026,904</u>	<u>22,799,406</u>

The average effective cost rate on wakala was 4% as at 30 June 2016 (31 December 2015: 4% and 30 June 2015: 4%).

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 accrued 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>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade payables	1,448,462	1,461,086	2,659,989
Accrued expenses	57,264	73,733	60,057
Purchase of land and financial investments payables	282,530	285,380	1,593,262
	<u>1,788,256</u>	<u>1,820,199</u>	<u>4,313,308</u>

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**13. Related party transactions**

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

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

Interim condensed consolidated statement of financial position	(Audited)			
	30 June	31 December	30 June	
	2016	2015	2015	
	KD	KD	KD	
Investments at fair value through statement of income	644	920	44,272	
Due from related parties	1,271,045	1,020,321	1,011,536	
Wakala payables	-	-	16,752,326	
Due to related parties	1,830,234	1,796,844	795,088	
Interim condensed consolidated statement of income	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	KD	KD	KD	KD
	Salaries and other short term benefits	81,497	74,147	163,323
Provision for indemnity	7,436	6,999	14,359	13,845

**14. Treasury shares**

	(Audited)		30 June 2015
	30 June 2016	31 December 2015	
	KD	KD	KD
Number of shares purchased (Share)	6,845,096	6,845,096	6,845,096
Ownership percentage (treasury shares percentage to total issued shares)	3.2%	3.2%	3.2%
Cost	4,573,296	4,573,296	4,573,296
Market value ("KD")	85,564	130,056	140,324

The Parent Company is committed to keeping capital share premium equal to the purchased treasury shares cost which are non-distributable during the acquisition period by the parent company according to the instructions of the concerned regulatory authorities.

**15. Basic (loss)/earnings per share attributable to equity holders of the Parent Company/ (fils)**

Basic and diluted (loss)/ earnings per share is computed by dividing (loss)/profit for the period attributable to the shareholders of Parent Company by the weighted average number of ordinary shares outstanding during the period except treasury shares.

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**15. Basic (loss)/earnings per share attributable to equity holders of the Parent Company (fils)**  
**(Continued)**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</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>
(Loss)/ profit for the period attributable to shareholders of the Parent Company	(1,295,497)	36,656	(1,999,887)	(392,821)
Weighted average number of outstanding shares:				
Number of issued shares	213,868,650	213,868,650	213,868,650	213,868,650
Less: Weighted average number of treasury shares	(6,845,096)	(6,845,096)	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares	<u>207,023,554</u>	<u>207,023,554</u>	<u>207,023,554</u>	<u>207,023,554</u>
Basic (loss)/ earnings per share attributable to equity holders of the Parent Company/ (fils)	<u>(6.26)</u>	<u>0.18</u>	<u>(9.66)</u>	<u>(1.90)</u>

**16. Fiduciary assets**

Fiduciary assets comprise of investments and funds managed on behalf of clients. These assets are not owned by the Parent Company, and accordingly they are not included in the condensed consolidated interim financial information. As at the interim condensed consolidated financial position date, total fiduciary assets managed on behalf of clients amounted to KD 8,808,000 (31 December 2015: KD 9,086,000, and 30 June 2015: KD 9,317,000) including a portfolio managed on behalf of the ultimate Parent Company amounting to KD 119,000 as at 30 June 2016 (31 December 2015: KD 137,820 and 30 June 2015: KD 140,301).

**17. Segment information**

Operating segments are identified based on the internal reports of Group segments which 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.

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

**a) Real estates:**

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

**b) 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.

**c) 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.

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**17. Segment information (Continued)**

**d) 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>Six months ended 30 June</b>		<b>Six months ended 30 June</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	745,837	716,716	745,837	716,716
Financial investments	(260,974)	557,822	(260,974)	557,822
Corporate finance	28,316	167,066	(17,020)	(70,379)
Other	478,074	711,060	478,074	711,060
	<u>991,253</u>	<u>2,152,664</u>	<u>945,917</u>	<u>1,915,219</u>
General and administrative expenses			(1,732,006)	(1,703,925)
Provision for doubtful debts			(1,205,795)	(554,530)
Loss for the period			<u>(1,991,884)</u>	<u>(343,236)</u>

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

<b>Segment assets</b>	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>KD</b>	<b>2015</b>	<b>KD</b>
Investment properties	25,733,957	25,878,659	29,290,040
Financial investments	1,640,022	3,337,229	4,472,755
Corporate finance	693,128	2,104,579	2,794,705
Other	14,199,918	12,909,558	13,165,324
<b>Total segment assets</b>	<u>42,267,025</u>	<u>44,230,025</u>	<u>49,722,824</u>
<b>Segment liabilities</b>	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2016</b>	<b>31 December</b>	<b>2015</b>
	<b>KD</b>	<b>2015</b>	<b>KD</b>
Investment properties	242,375	245,225	1,215,960
Corporate finance	23,037,213	23,026,904	22,799,406
Other	4,269,302	4,208,836	4,666,236
<b>Total segment liabilities</b>	<u>27,548,890</u>	<u>27,480,965</u>	<u>28,681,602</u>

**18. Shareholders general assembly**

The Shareholders' Annual General Assembly was held on 24 April 2017 and approved the consolidated financial statements of the Group for the financial year ended 31 December 2015, and approved recommendations of the Board of Directors not to distribute dividends for the financial year ended 31 December 2015 and not to distribute Board of Directors' remuneration for the financial year ended 31 December 2015.

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**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:

	<b>Carried at fair value</b>	<b>Carried at cost</b>	<b>Carried at amortised cost</b>	<b>Total</b>
<b>30 June 2016</b>				
<b>Financial assets:</b>				
Cash and bank balances	-	-	505,378	505,378
Investments at fair value through statement of income	214,922	66,068	-	280,990
Receivables and other debit balances (excluding prepaid expenses)	-	-	4,991,827	4,991,827
Due from related parties	-	-	1,271,045	1,271,045
Available for sale investments	1,453	61,945	-	63,398
	<u>216,375</u>	<u>128,013</u>	<u>6,768,250</u>	<u>7,112,638</u>
<b>Financial liabilities:</b>				
Wakala payables	-	-	23,037,213	23,037,213
Payables and other credit balances	-	-	1,788,256	1,788,256
Due to related parties	-	-	1,830,234	1,830,234
	<u>-</u>	<u>-</u>	<u>26,655,703</u>	<u>26,655,703</u>
	<b>Carried at fair value</b>	<b>Carried at cost</b>	<b>Carried at amortised cost</b>	<b>Total</b>
<b>31 December 2015 (audited)</b>				
<b>Financial assets:</b>				
Cash and bank balances	-	-	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>

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**19. Financial instruments (Continued)**

	<u>Carried at fair value</u>	<u>Carried at cost</u>	<u>Carried at amortised cost</u>	<u>Total</u>
<b>30 June 2015</b>				
<b>Financial assets:</b>				
Cash and bank balances	-	-	897,887	897,887
Term deposits	-	-	200,000	200,000
Investments at fair value through statement of income	2,755,880	259,328	-	3,015,208
Receivables and other debit balances (excluding prepaid expenses)	-	-	5,231,523	5,231,523
Due from related parties	-	-	1,011,536	1,011,536
Available for sale investments	22,438	46,195	-	68,633
	<u>2,778,318</u>	<u>305,523</u>	<u>7,340,946</u>	<u>10,424,787</u>
<b>Financial liabilities:</b>				
Wakala payables	-	-	22,799,406	22,799,406
Payables and other credit balances	-	-	4,313,308	4,313,308
Due to related parties	-	-	795,088	795,088
	<u>-</u>	<u>-</u>	<u>27,907,802</u>	<u>27,907,802</u>

***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: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access 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 (for example: 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 KD</u>	<u>Level 2 KD</u>	<u>Total KD</u>
<b>30 June 2016</b>			
<b>Financial assets:</b>			
Investments at fair value through statement of income	-	214,922	214,922
Available for sale investments	1,453	-	1,453
Total	<u>1,453</u>	<u>214,922</u>	<u>216,375</u>



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19. Financial instruments (Continued)

	Level 1 KD	Level 2 KD	Total KD
<b>31 December 2015 (audited)</b>			
<b>Financial assets:</b>			
Investments at fair value through statement of income	-	1,824,575	1,824,575
Available for sale investments	1,408	-	1,408
Total	1,408	1,824,575	1,825,983
<b>30 June 2015</b>			
<b>Financial assets:</b>			
Investments at fair value through statement of income	-	2,755,880	2,755,880
Available for sale investments	1,438	21,000	22,438
Total	1,438	2,776,880	2,778,318

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 30 June 2016, the current liabilities of the group exceeded its current assets with an amount of KD 18,882,879 (31 December 2015: KD 17,214,309 and 30 June 2015: KD 16,002,888). Whereas the Group maintains adequate cash reserves and owns investment properties of KD 25,733,957 as at 30 June 2016 (31 December 2015: KD 25,878,659 and 30 June 2015: KD 29,290,040) which the Group intends to sell or utilize them in settlement of its debt with debtors related to wakala payables of KD 23,037,213 as at 30 June 2016 (31 December 2015: KD 23,026,904 and 30 June 2015: KD 22,799,406). As well as, the Group maintains guarantees of KD 1,041,059 as at 30 June 2016 (31 December 2015: KD 4,205,884 and 30 June 2015: KD 4,370,047) against receivables from customers. This indicates that the Group will be able to meet its short term commitments.