

Al Madar Finance and Investment

Company K.S.C (Public)

and its subsidiaries

Kuwait

Interim condensed consolidated financial information

for the six months ended June 30, 2017

(Unaudited)

with review report

**Al Madar Finance and Investment
Company K.S.C (Public)
and its subsidiaries
Kuwait
Interim condensed consolidated financial information
for the six months ended June 30, 2017
(Unaudited)
with review report**

Contents

Review report on the interim condensed consolidated financial information	
Interim condensed consolidated statement of financial position (Unaudited)	<u>Exhibit</u> A
Interim condensed consolidated statement of profit or loss (Unaudited)	B
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	C
Interim condensed consolidated statement of changes in equity (Unaudited)	D
Interim condensed consolidated statement of cash flows (Unaudited)	E
Notes to the interim condensed consolidated financial information (Unaudited)	<u>Page</u> 1 – 17

Rödl

Middle East

Burgan= International Accountants

Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
Tel: 22464574-6 /22426862-3 Fax: 22414956
Email: info-kuwait@rodhme.com
www.rodhme.com



Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

The Board of Directors
Al Madar Finance and Investment Company
K.S.C (Public)
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.S.C (Public) ("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, 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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 matter

Without qualifying our conclusion, we draw attention to note (20) on the interim condensed consolidated financial information which shows that the current liabilities for the Group exceeded its current assets amounted to KD 20,719,981 as of June 30, 2017 (KD 21,018,660 as of December 31, 2016 and KD 18,882,879 as of June 30, 2016).

Report on review of other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of year 2016 and its related Executive Regulations except what stated in note (18) on the interim condensed consolidated financial information or the law No. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive regulation or the Memorandum and Articles of Association of the Parent Company as amended during the six month period ended June 30, 2017, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the six month period ended June 30, 2017 of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations.



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



Faisal Saqer Al Saqer
License No. 172 (A)
BDO Al Nisf & Partners

August 10, 2017
State of Kuwait

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of June 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Assets				
Cash and cash equivalents	4	524,488	460,583	505,378
Investments at fair value through statement of profit or loss	5	163,502	262,085	280,990
Receivables and other debit balances	6	4,811,298	4,793,262	5,563,423
Due from related parties	13	547,935	550,147	1,271,045
Available for sale investments	7	55,192	62,890	63,398
Investment properties	8	23,009,342	23,852,189	25,733,957
Investment in associates	9	1,139,647	1,131,460	1,295,634
Property, plant and equipment		7,043,800	7,157,444	7,185,121
Intangible assets		794,883	839,918	368,079
Total assets		38,090,087	39,109,978	42,267,025
Liabilities and equity				
Liabilities				
Wakala payables	10	22,174,291	23,003,659	23,037,213
Rental payables	11	753,091	-	-
Payables and other credit balances	12	3,180,020	2,266,382	1,788,256
Due to related parties	13	659,802	1,814,696	1,830,234
Provision for employees' end of service indemnity		1,408,616	1,108,573	893,187
Total liabilities		28,175,820	28,193,310	27,548,890
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	14	(4,573,296)	(4,573,296)	(4,573,296)
Reserve of change in fair value		1,019	(14,520)	(15,840)
Revaluation surplus		97,037	97,037	147,324
Reserve of foreign currencies translation		(97,987)	(101,827)	87,804
Other reserve		(122,147)	(122,147)	(122,147)
Accumulated losses		(13,548,585)	(12,541,445)	(9,323,934)
Total equity attributable to the shareholders of the Parent Company		8,133,202	9,120,963	12,577,072
Non-controlling interests		1,781,065	1,795,705	2,141,063
Total equity		9,914,267	10,916,668	14,718,135
Total liabilities and equity		38,090,087	39,109,978	42,267,025

Nabil Ahmed Mohamed Amin
Chef executive officer

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of profit or loss for the six months ended June 30, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

		Three months ended 30 June		Six months ended 30 June	
	Note	2017	2016	2017	2016
Revenue					
Rental income		312,170	361,755	653,105	717,020
Net profit from sales		215,275	200,152	410,628	395,424
Investment services revenues		5,365	18,377	6,938	47,057
Finance revenues/Murabahat		3,564	1,571	11,845	28,316
Realized loss from sale of investments at fair value through statement of profit or loss		-	(229,224)	-	(229,224)
Change in fair value of investments at fair value through statement of profit or loss		(53,820)	230,672	(101,733)	(6,216)
Write back off the finance transactions provision		9,690	-	34,310	-
Impairment of available for sale investments	7	-	-	(23,237)	-
Share of associates' results		(12,892)	-	(22,379)	(25,534)
(Losses)/profit result from sale investment properties		(33,185)	10,264	(28,408)	28,817
Foreign currency translation differences		5,775	(10,653)	8,007	(10,653)
Other income		239,961	18,055	246,284	46,246
Total income		691,903	600,969	1,195,360	991,253
Expenses and other charges					
General and administrative expenses		1,444,063	850,876	2,201,386	1,732,006
Provision for doubtful debts		-	1,023,899	-	1,205,795
Wakala finance costs		8,116	4,413	15,754	45,336
Total expenses and other charges		1,452,179	1,879,188	2,217,140	2,983,137
Loss for the period		(760,276)	(1,278,219)	(1,021,780)	(1,991,884)
Attributable to:					
Shareholders of the Parent Company		(724,811)	(1,295,497)	(1,007,140)	(1,999,887)
Non-controlling interests		(35,465)	17,278	(14,640)	8,003
Loss for the period		(760,276)	(1,278,219)	(1,021,780)	(1,991,884)
Basic and diluted loss per share attributable to shareholders of the Parent Company/(Fils)	15	(3.50)	(6.26)	(4.86)	(9.66)

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Loss for the period	(760,276)	(1,278,219)	(1,021,780)	(1,991,884)
Other comprehensive (loss)/ income				
<i>Items that may be reclassified</i>				
<i>subsequently to the interim condensed</i>				
<i>consolidated statement of profit or loss:</i>				
Changes in fair value of available for				
sale investments	15	15	(7,698)	45
Transferred to interim condensed				
consolidated statement of profit or loss				
as a result of impairment of available				
for sale investments	-	-	23,237	-
Reserve of Foreign currency translation	(9,044)	-	3,840	(39,086)
Total other comprehensive				
(losses)/income	(9,029)	15	19,379	(39,041)
Total comprehensive loss for the				
period	(769,305)	(1,278,204)	(1,002,401)	(2,030,925)
Attributable to:				
Shareholders of the Parent Company	(733,840)	(1,295,482)	(987,761)	(2,038,928)
Non-controlling interests	(35,465)	17,278	(14,640)	8,003
	(769,305)	(1,278,204)	(1,002,401)	(2,030,925)

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of changes in equity for the six months ended 30 June, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Treasury shares	Reserve of change in fair value	Revaluation surplus	Reserve of foreign currencies translation	Other reserve	Accumulated losses	Total equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance at January 1, 2016	21,386,865	4,990,296	(4,573,296)	(15,885)	147,324	126,890	(122,147)	(7,324,047)	14,616,000	2,133,060	16,749,060
Loss for the period	-	-	-	-	-	-	-	(1,999,887)	(1,999,887)	8,003	(1,991,884)
Other comprehensive loss for the period	-	-	-	45	-	(39,086)	-	-	(39,041)	-	(39,041)
Total comprehensive loss for the period	-	-	-	45	-	(39,086)	-	(1,999,887)	(2,038,928)	8,003	(2,030,925)
Balance at June 30, 2016	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
Balance at January 1, 2017	21,386,865	4,990,296	(4,573,296)	(14,520)	97,037	(101,827)	(122,147)	(12,541,445)	9,120,963	1,795,705	10,916,668
Loss for the period	-	-	-	-	-	-	-	(1,007,140)	(1,007,140)	(14,640)	(1,021,780)
Other comprehensive income for the period	-	-	-	15,539	-	3,840	-	-	19,379	-	19,379
Total comprehensive loss for the period	-	-	-	15,539	-	3,840	-	(1,007,140)	(987,761)	(14,640)	(1,002,401)
Balance at June 30, 2017	21,386,865	4,990,296	(4,573,296)	1,019	97,037	(97,987)	(122,147)	(13,548,585)	8,133,202	1,781,065	9,914,267

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of cash flows for the six months ended 30 June, 2017
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The six months ended 30 June	
		2017	2016
Cash flows from operating activities			
Net loss for the period		(1,021,780)	(1,991,884)
Adjustments:			
Depreciation and amortization		161,993	102,155
Wakala Finance costs		15,754	45,336
Change in fair value of investments at fair value through statement of profit or loss		101,733	6,216
Impairment of available for sale investments		23,237	-
Realized loss from sale of investments at fair value through statement of profit or loss		-	229,224
(Losses)/profit from sale of investment properties		28,408	(28,817)
Gain on sale property, plant and equipment		(10,180)	-
Share of associates results		22,379	25,534
Provision for doubtful debts		-	1,205,795
Write back off the finance transactions provision		(34,310)	-
Foreign currencies evaluation differences		(8,007)	10,653
Provision for employees' end of service indemnity		409,109	103,428
Operating loss before calculating change in working capital items		(311,664)	(292,360)
Receivables and other debit balances		21,274	326,207
Related parties – net		10,844	(217,334)
Payables and other credit balances		(249,888)	(31,943)
Cash used in operations		(529,434)	(215,430)
Employees' end of service indemnity paid		(109,066)	(47,259)
Net cash used in operating activities		(638,500)	(262,689)
Cash flows from investing activities			
Investment in associates		(26,726)	-
Proceeds from sale of Property, plant and equipment		41,020	-
Paid for purchase of investment properties	8	(16,769)	(48,725)
Proceeds from sale of investment properties		81,208	222,244
Paid for purchase of Property, plant and equipment		(34,154)	(28,225)
Net cash generated from investing activities		44,579	145,294
Cash flows from financing activities			
Rental payables		753,091	-
Wakala costs paid		(95,265)	(35,027)
Net cash generated from/(used in) financing activities		657,826	(35,027)
Net increase/(decrease) in cash and cash equivalents		63,905	(152,422)
Cash and cash equivalents at beginning of the period		460,583	657,800
Cash and cash equivalents at end of the period	4	524,488	505,378

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activities

Al Madar Finance and Investment Company K.S.C (Public) ("the Parent Company") was incorporated on November 23, 1998. The Parent Company is registered at the Central Bank of Kuwait and Capital Market Authority as an investment company. And 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 has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The head office of Parent Company is located in Kuwait and its registered office is P.O. Box 1376, Al Safat 13014, Kuwait.

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

The interim condensed consolidated financial information for the six month period ended 30 June 2017 has been approved for issue by the Board of Directors on August 10, 2017.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Significant Accounting Policies

2/1) Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34, *"Interim Financial Reporting"*, and the instructions of CMA and CBK, and Kuwait Stock Exchange.

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

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

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

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

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

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

2/2) Critical Judgments and estimates

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

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

3- Consolidated subsidiaries

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

	Country of incorporation	Activity	Shareholding percentage %		
			30 June 2017	December 31, 2016 (Audited)	30 June 2016
Dar Al-Thuraya Real Estate Co. K.S.C (Public)	Kuwait	Real estate	%88.35	%88.35	%88.35
Fiduciary International For Programming and Printing Software Company W.L.L	Kuwait	Programming and operating computer, printing and distribution of software and computers	%99	%99	%99
Al Madar Real Estate Development K.S.C (Closed)	Kuwait	Real estate	%98.5	%98.5	%98.5
Al Thuraya for Warehousing and Cold Storage K.S.C (Closed)	Kuwait	Warehousing	%96	%96	%96

During the period ended June 30, 2017 the Group had consolidated the interim condensed financial information of Fiduciary International for Programming and Printing Software Company W.L.L, Al Madar Real Estate Development K.S.C (Closed) and Al Thuraya for Warehousing and Cold Storage K.S.C (Closed) based on interim financial information prepared by the management as of June 30, 2017.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

	Country of incorporation	Activity	Shareholding percentage %		
			June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Al-Thuraya Star Company W.L.L.	Kuwait	General Trading and Contracting	%99	%99	%99
Kuwait Mabani Real Estate Company K.S.C (Closed)	Kuwait	Real estate	%96	%96	%96
Pack & Move Holding Company K.S.C (Holding)	Kuwait	Holding	%99.88	%99.88	%99.88
Golden Madar Real Estate Company W.L.L.	Kuwait	Real estate	%98	%98	%98

4- Cash and cash equivalents

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Cash in banks	475,866	420,731	437,581
Cash on hand	48,622	39,852	67,797
	<u>524,488</u>	<u>460,583</u>	<u>505,378</u>

The effective yield rate on saving accounts as of June 30, 2017 was 0.65% (December 31, 2016: 0.65% and June 30, 2016: 0.73%).

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

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Investments in unquoted local shares	68,412	170,145	189,050
Investments in portfolio - local funds	41,147	41,147	41,147
Investments in portfolio -- foreign funds	53,943	50,793	50,793
	<u>163,502</u>	<u>262,085</u>	<u>280,990</u>

- Investments in unquoted local shares and foreign funds have been recorded with an amount KD 145,085 (December 31, 2016: KD 207,900 and June 30, 2016: KD 66,068) and carried at cost less impairment, since their fair values could not be measured reliably. Management does not have indicator for the impairment of these investments.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

- Investments in unquoted shares are evaluated in accordance with the estimated operations based on the available information on the financial position, operations result of the investee companies, the expected future profits of these companies and also the consideration recently transactions on the shares with other parties in investee companies or similar companies.

6- Receivables and other debit balances

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Trade receivables	5,963,437	6,004,927	9,321,320
Provision for doubtful debts	(5,291,779)	(5,326,089)	(8,628,192)
	<u>671,658</u>	<u>678,838</u>	<u>693,128</u>
Receivables from sale of financial, properties and services investments	680,993	772,503	2,193,391
Accrued revenue	747,484	723,976	678,090
Staff receivables	19,474	46,443	22,809
Prepaid expenses	1,054,440	1,015,935	571,596
Other receivables	1,637,249	1,555,567	1,404,409
	<u>4,811,298</u>	<u>4,793,262</u>	<u>5,563,423</u>

- Item of receivables from sale of financial, properties and services investments has been presented after deducting a provision for doubtful debts of KD 849,049 as of June 30, 2017 (December 31, 2016: KD 849,049 and June 30, 2016: KD 748,480).
- Other receivables have been presented after deducting a provision for doubtful debt of KD 122,057 as of June 30, 2017 related with provisions recorded in subsidiaries (December 31, 2016: KD 122,057 and June 30, 2016: KD 122,057).
- The maximum exposure to credit risks as of the report date is the fair value of each class of receivables. The Group holds guarantees amounted to KD 1,054,840 for trade receivables as of June 30, 2017 (as of December 31, 2016: KD 1,046,921 and June 30, 2016: KD 1,041,059).
- According to the board of directors of the Parent Company that held prior year was approved to write off due from one of financial receivables of amounted to KD 3,286,804 as well as its related provision amounted to KD 3,191,071 and also its related deferred revenue amounted to KD 95,733 from books and accounting records related to the Parent Company. This procedure will not affect the legal procedures which have been taken by the Parent Company to claim the client for payment the whole due amount.
- The Group does not incur any finance charges on the overdue receivables.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Specific provision	<u>6,262,885</u>	<u>6,297,195</u>	<u>9,498,729</u>

7- Available for sale investments

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Investments in quoted local shares	5,030	4,219	1,453
Investments in unquoted local shares	13,968	22,477	20,751
Investments in unquoted foreign shares	<u>36,194</u>	<u>36,194</u>	<u>41,194</u>
	<u>55,192</u>	<u>62,890</u>	<u>63,398</u>

- Investments in unquoted local and foreign shares have been recorded amounted to KD 41,899 (December 31, 2016: KD 41,194 and June 30, 2016: KD 61,945) and carried at cost since their fair value could not be measured reliably at the date of interim condensed consolidated financial position.
- Investments in unquoted shares are evaluated in accordance with the estimated procedures based on the available information on the financial position, operations results of the investee companies, the expected future profits of these companies and also the consideration recently transactions on the shares with other parties in investee companies or similar companies.
- During the period the Group recorded impairment of available for sale investments of KD 23,237 (June 30, 2016: Nil).
- Available for sale investments include unquoted foreign investments with historical cost of KD 3,698,839 carried forward from the year 2009 since these investments are subject to a legal dispute. The management decided to reduce the cost of this investment in previous years until it is finally resolved settled.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

8- Investment properties

Investment properties	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Balance at beginning of the period/year/period	14,839,420	16,025,352	16,025,352
Disposals	(780,000)	-	-
Change in fair value	-	(1,199,035)	-
Foreign currencies translation differences	-	13,103	-
Balance at the ending of the period/year/ period	14,059,420	14,839,420	16,025,352
 Properties under development	 June 30, 2017	 December 31, 2016 (Audited)	 June 30, 2016
Balance at beginning of the period/ year/period	9,012,769	9,853,307	9,853,307
Additions	16,769	137,956	48,725
Disposals	(79,616)	(260,928)	(193,427)
Change in fair value	-	(776,130)	-
Foreign currencies translation differences	-	58,564	-
Balance at the ending of the period/year/ period	8,949,922	9,012,769	9,708,605
Balance at the ending of the period/year/ period	23,009,342	23,852,189	25,733,957

- During the period, the parent company paid a part of the accrued wakala, that due from the parent company to one of wakala payables, through waiver of one of properties owned by the group in the favor of this party (note - 10). The impact of this transaction has been excluded from the interim condensed consolidated statement of cash flows, as it is non-cash transaction.
- A rental contract has been granted, with a promise of purchasing from a local bank related to one of subsidiary through guarantee a usufructuary right of a block in Al Rai area (note -11).

(8)

Al Madar Finance and Investment Company

K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

9- Investment in associates

The statement of these investments in associates is as follows:

Name of associate	Country of incorporation	Measurement method	Activity	Ownership percentage %		
				June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	Kuwait	Equity method	General Trading and Contracting	%40	%40	%40
Egyptian Saudi Company for Medical Equipment (S.A.E)	Arab Republic of Egypt	Equity method	Medical equipment and devices	%30.26	%25.93	%22.5
The book value of each associate is as follows:						
Name of associate				June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L				907,369	927,769	973,637
Egyptian Saudi Company for Medical Equipment (S.A.E)				232,278	203,691	321,997
				<u>1,139,647</u>	<u>1,131,460</u>	<u>1,295,634</u>

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

- The Group's share in associate results Interpack Kuwait Limited for General Trading and Contracting Company W.L.L ,was recognized based on interim financial information prepared by management as of March 31,2017 ,and also the Group's share in associate results Egyptian Saudi Company for Medical Equipment (S.A.E) ,was recognized based on interim financial information prepared by management as of June 30, 2017.
- During the period, the Group increased its share in the Egyptian Saudi Company for Medical Equipment (S.A.E) from 25.93 % to 30.26% by 4.33%. According to this transaction, there is no significant effect on the interim condensed consolidated financial information for the period ended June 30, 2017.

10- Wakala payables

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Current portion	22,174,291	23,003,659	22,885,225
Non-current portion	-	-	151,988
	<u>22,174,291</u>	<u>23,003,659</u>	<u>23,037,213</u>

- The average effective cost on wakala is 4% as of June 30, 2017 (December 31, 2016: 4% and June 30, 2016: 4%).
- Wakala payables include past due wakala payables of KD 4,886,816. The Parent Company was obliged to pay in based judicial ruling against the Parent Company. Amicable settlement is currently in process with the prevailing party. And during the period the group has made agreement with this party , in according to that , a partly payment of the accrued wakala to this party through the waiver of one of properties owned by the group with a value KD 750,000 against reduce the value of accrued wakala to him , so the wakala balance become KD 4,136,816 as of June 30,2017 and a loss amounted to KD 30,000 has been resulted from this settlement , and included into interim condensed consolidated statement of profit or loss as a losses result from sale of investment properties , the impact of this transaction has been excluded from the interim condensed consolidated statement of cash flows, as it is non-cash transaction.
- During the previous year, wakala has been accrued amounted to KD 16,999,319 with one of the creditors, and it was not renewed as this creditors has filed lawsuit against the Parent company , as this lawsuit still pending and no final ruling has been taken in this regards till the date of interim condensed consolidated financial information.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

11- Rental payables

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Rental payables	<u>793,275</u>	-	-
Future financial cost	<u>(40,184)</u>	-	-
	<u>753,091</u>	-	-

Rental payables represented in facilities contract has been granted from KFH to one of the subsidiaries ,against a rental contract with a promise of purchasing signed with the bank related to a usufructuary right for one of the investment properties.the facility will be settled with amount KD 793,275 as a deferred rental value , accrual at the end of the contract period June 3 ,2018 . The actual interest rate 5.77% annually (December 31, 2016: Nil and June 30, 2016 : Nil) and it has been with the guarantee of the granted facilities against a usufructuary right of a block in Al Rai area (note-8).

12- Payables and other credit balances

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Trade payables	<u>1,577,473</u>	1,796,889	1,448,462
Accrued expenses	<u>158,291</u>	187,963	57,264
Payables - purchasing of land and financial investments	<u>280,730</u>	281,530	282,530
Other creditors *	<u>1,163,526</u>	-	-
	<u>3,180,020</u>	<u>2,266,382</u>	<u>1,788,256</u>

* This item represented in the accrued balance to the Ultimate Parent Company – previously – and during the period this item has been reclassified from due to related parties item into other creditors item, because of the ownership share of the Parent Company – previously - to the current Parent Company, and the impact of this transaction has been excluded from the interim condensed consolidated statement of cash flows, as it is non-cash transaction.

13- Related parties transactions

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

Balances	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Investment at fair value through statement of profit or loss	-	644	644
Due from related parties	547,935	550,147	1,271,045
Due to related parties	659,802	1,814,696	1,830,234

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Interim condensed consolidated statement of profit or loss				
Salaries and other short term benefits	75,533	81,497	166,637	163,323
Provision for end of service indemnity	48,467	7,436	55,689	14,359

14- Treasury shares

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Number of shares purchased (share)	6,845,096	6,845,096	6,845,096
Ownership percentage (percentage of treasury shares to the total issued shares)	%3.2	%3.2	%3.2
Cost	4,573,296	4,573,296	4,573,296
Market value (KD)	147,170	85,564	85,564

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

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

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss for the period attributable to shareholders of the Parent Company	(724,811)	(1,295,497)	(1,007,140)	(1,999,887)
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 per share attributable to equity shareholders of the Parent Company/(fils)	<u>(3.50)</u>	<u>(6.26)</u>	<u>(4.86)</u>	<u>(9.66)</u>

16- Fiduciary assets

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Parent Company and accordingly, are not included in the interim condensed consolidated financial information. As of the condensed consolidated statement of financial position date, total Fiduciary assets managed on behalf of clients amounted to KD 4,321,000 (December 31, 2016: KD 9,147,000 and June 30, 2016: KD 8,808,000), including a portfolio managed on behalf of the Ultimate Parent Company amounting to Nil as of June 30, 2017 (December 31, 2016: KD 119,000 and June 30, 2016: KD 119,000).

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

17- Segment information

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

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

A. Real estate:

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

B. Financial investments:

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

C. Corporate finance:

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

D. Other:

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

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

	Segments revenue		Segments loss	
	The Three months ended		The Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Investment properties	624,697	745,837	624,697	745,837
Financial investments	(147,349)	(260,974)	(147,349)	(260,974)
Corporate finance	11,845	28,316	(3,909)	(17,020)
Other	706,167	478,074	706,167	478,074
	<u>1,195,360</u>	<u>991,253</u>	<u>1,179,606</u>	<u>945,917</u>
General and administrative expense :			(2,201,386)	(1,732,006)
Provision for doubtful debts			-	(1,205,795)
Loss for the period			<u>(1,021,780)</u>	<u>(1,991,884)</u>

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

	June 30,	December	June 30,
	2017	31, 2016	2016
		(Audited)	
Segment assets			
Investment properties	23,009,342	23,852,189	25,733,957
Financial investments	1,358,341	1,456,435	1,640,022
Corporate finance	671,658	678,838	693,128
Other	13,050,746	13,122,516	14,199,918
Total segment assets	38,090,087	39,109,978	42,267,025
	June 30,	December	June 30,
	2017	31, 2016	2016
		(Audited)	
Segment liabilities			
Investment properties	240,575	241,375	242,375
Corporate finance	22,927,382	23,003,659	23,037,213
Other	5,007,863	4,948,276	4,269,302
Total segment liabilities	28,175,820	28,193,310	27,548,890

18- General Assembly of Shareholders

The Annual General Assembly of the Parent Company for the financial year ended December 31, 2016 has not been held until the date of approval of this interim condensed consolidated financial information. Thus, the financial statements for the financial year ended December 31, 2016 have not yet been approved. The interim condensed consolidated financial information for the three month period ended June 30, 2017 does not include any adjustments, which six have been required, in the case of the General Assembly not approved the consolidated financial statements for the financial year ended December 31, 2016.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

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:

	June 30, 2017	December 31, 2016 (Audited)	June 30, 2016
Financial assets			
Cash and cash equivalents	524,488	460,583	505,378
Investments at fair value through statement of profit or loss	163,502	262,085	280,990
Receivables and other debit Balances	4,811,298	4,793,262	5,563,423
Due from related parties	547,935	550,147	1,271,045
Available for sale investments	55,192	62,890	63,398
	<u>6,102,415</u>	<u>6,128,967</u>	<u>7,684,234</u>
Financial liabilities			
Wakala payables	22,174,291	23,003,659	23,037,213
Rental Payables	753,091	-	-
Payables and other credit balances	3,180,020	2,266,382	1,788,256
Due to related parties	659,802	1,814,696	1,830,234
	<u>26,767,204</u>	<u>27,084,737</u>	<u>26,655,703</u>

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.

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

The hierarchy levels of fair value are set out below:

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

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

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

As of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of profit or loss</i>	-	18,417	18,417
<i>Available for sale investments</i>	5,030	8,263	13,293
Total	<u>5,030</u>	<u>26,680</u>	<u>31,710</u>

As of December 31, 2016 (Audited):

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

As of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of profit or loss</i>	-	214,922	214,922
<i>Available for sale investments</i>	1,453	-	1,453
Total	<u>1,453</u>	<u>214,922</u>	<u>216,375</u>

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

Al Madar Finance and Investment Company
K.S.C (Public)
and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2017

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

20- 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. in order 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, 2017 by KD 20,719,981 (KD 21,018,660 as of December 31, 2016 and KD 18,882,879 as of June 30, 2016) and whereas the Group maintained adequate cash reserves and owns investment properties of KD 23,009,342 as of June 30, 2017 (KD 23,852,189 as of December 31, 2016 and KD 25,733,957 as of June 30, 2016) which the Group intends to sell or utilize them to settlement of its debt with creditors related to wakala payables of KD 22,174,291 as of June 30, 2017 (KD 23,003,659 as of December 31, 2016 and KD 23,037,213 as of June 30, 2016) in addition, the Group maintains guarantees of KD 1,054,840 as of June 30, 2017 (KD 1,046,921 as of December 31, 2016 and KD 1,041,059 as of June 30, 2016) against receivables due from customers. This indicates that the Group will be able to meet its short-term liabilities.