

**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 nine month period ended 30 September 2015**

**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 nine month period ended 30 September 2015

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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 statement of financial position as at 30 September 2015, and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the nine 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 34, Interim Financial Reporting ("IAS 34"). 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 the IAS 34.


Emphasis of matter

Without qualifying our conclusion, we draw attention to note 20 to the interim condensed consolidated financial information which describes that the Group's current liabilities exceeded its current assets by KD 16,419,175 as at 30 September 2015 (KD 16,205,129 as at 31 December 2014).


Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, its Executive Regulation, Law No. 7 of 2010 in respect of the establishment of Capital Market Authority and Organization of the securities activity and its Executive Regulation, nor of the Memorandum and Articles of Association of the Parent Company, as amended, have occurred during the nine month period ended 30 September 2015 that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the nine month period ended 30 September 2015 of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations.


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

Kuwait: 16 March 2016


Ali A. Al-Hassawi
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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 September 2015

		30 September 2015	(Audited) 31 December 2014	30 September 2014
	Notes	KD	KD	KD
ASSETS				
Bank balances and cash	5	674,131	481,170	627,321
Term deposits		100,000	200,000	200,000
Investments at fair value through statement of income	6	2,565,288	3,526,806	3,485,957
Receivables and other debit balances	7	6,282,854	6,885,303	7,428,928
Due from related parties	13	788,728	1,004,214	1,003,421
Available for sale investments	8	63,293	80,458	80,818
Investment properties	9	28,696,336	29,184,838	28,718,722
Investment in associates	10	1,280,305	1,643,818	1,750,102
Property, plant and equipment		7,170,053	7,205,778	6,984,257
Intangible assets		391,822	427,446	-
Total assets		48,012,810	50,639,831	50,279,526
LIABILITIES AND EQUITY				
LIABILITIES				
Wakala payables	11	22,912,001	24,327,521	24,224,369
Trade payables and other credit balances	12	2,179,144	2,308,254	2,076,934
Due to related parties	13	1,890,318	1,960,137	2,257,170
Employees' end of service benefits		801,957	648,886	622,525
Total liabilities		27,783,420	29,244,798	29,180,998
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	15	(4,573,296)	(4,573,296)	(4,573,296)
Cumulative changes in fair value reserve		(15,945)	(30)	330
Revaluation surplus		85,479	85,479	87,350
Foreign currencies translation reserve		(438)	(438)	(9,589)
Accumulated losses		(5,814,860)	(4,598,217)	(4,685,749)
Total equity attributable to the equity holders of the Parent Company		16,058,101	17,290,659	17,196,207
Non-controlling interests		4,171,289	4,104,374	3,902,321
Total equity		20,229,390	21,395,033	21,098,528
Total liabilities and equity		48,012,810	50,639,831	50,279,526

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

Nabil Ahmed Mohammed Ameen
Chief executive officer

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

Interim condensed consolidated statement of income (Unaudited)

For the nine months period ended 30 September 2015

		Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
	Notes	KD	KD	KD	KD
Revenue					
Finance income/(loss) (murabaha)		8,096	(50,306)	20,334	(60,714)
Realised loss on sale of investments at fair value through statement of income		(16,867)	(118,400)	(13,425)	(64,034)
Unrealised (loss)/gain on sale of investments at fair value through statement of income		(282,492)	(59,412)	(307,778)	145,312
Investment services revenues		19,454	23,879	73,837	87,406
Share of results of associates		(25,653)	14,022	(36,785)	7,166
Realised gain on sale of available for sale investments		-	-	875	-
Gain on sale of an associate	10	-	-	589,923	-
Realised gains on sale of investment properties and properties under development		172,166	6,979	249,201	26,343
Rental income		331,020	325,864	970,701	817,504
Foreign currencies exchange (loss)/gain		(13,031)	57,599	53,317	47,344
Reversal of provision for accounts receivable and other debit balances		40,953	571,050	195,781	571,050
Discount granted against settlement of wakala payables		-	-	-	160,000
Net profit from sales		362,168	251,441	935,326	539,571
Other income		16,310	32,413	33,481	134,573
		<u>612,124</u>	<u>1,055,129</u>	<u>2,764,788</u>	<u>2,411,521</u>
Expenses and other charges					
General and administrative expenses		887,225	648,991	2,485,681	2,109,550
Provision for doubtful debts		347,006	387,684	901,536	545,167
Depreciation and amortisation		70,567	55,252	176,036	131,861
Finance costs (wakala)		113,818	9,193	351,263	696,455
		<u>1,418,616</u>	<u>1,101,120</u>	<u>3,914,516</u>	<u>3,483,033</u>
Loss for the period		<u>(806,492)</u>	<u>(45,991)</u>	<u>(1,149,728)</u>	<u>(1,071,512)</u>
Attributable to:					
Equity holders of the Parent Company		(823,822)	(71,041)	(1,216,643)	(1,064,512)
Non-controlling interests		17,330	25,050	66,915	(7,000)
Loss for the period		<u>(806,492)</u>	<u>(45,991)</u>	<u>(1,149,728)</u>	<u>(1,071,512)</u>
Basic and diluted loss per share (fils)	14	(3.98)	(0.34)	(5.88)	(5.14)

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine months period ended 30 September 2015

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Loss for the period	(806,492)	(45,991)	(1,149,728)	(1,071,512)
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Change in fair value of available for sale investments	(5,340)	15	(15,915)	465
Other comprehensive (loss)/income for the period	(5,340)	15	(15,915)	465
Total comprehensive loss for the period	(811,832)	(45,976)	(1,165,643)	(1,071,047)
Attributable to:				
Equity holders of the Parent Company	(829,162)	(71,026)	(1,232,558)	(1,064,047)
Non-controlling interests	17,330	25,050	66,915	(7,000)
	(811,832)	(45,976)	(1,165,643)	(1,071,047)

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

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 nine months period ended 30 September 2015

	Share capital KD	Share premium KD	Treasury shares KD	Cumulative changes in fair value reserve KD	Revaluation surplus KD	Foreign currencies translation reserve KD	Accumulated losses KD	Equity attributable to the equity holders of the Parent Company KD	Non-controlling interests KD	Total equity KD
At 1 January 2014 (adjusted)	21,386,865	4,990,296	(4,573,296)	(135)	87,350	(9,589)	(3,621,237)	18,260,254	3,929,565	22,189,819
Loss for the period	-	-	-	-	-	-	(1,064,512)	(1,064,512)	(7,000)	(1,071,512)
Other comprehensive income for the period	-	-	-	465	-	-	-	465	-	465
Total comprehensive income/(loss) for the period	-	-	-	465	-	-	(1,064,512)	(1,064,047)	(7,000)	(1,071,047)
Net movement on non-controlling interests	-	-	-	-	-	-	-	-	(20,244)	(20,244)
At 30 September 2014	<u>21,386,865</u>	<u>4,990,296</u>	<u>(4,573,296)</u>	<u>330</u>	<u>87,350</u>	<u>(9,589)</u>	<u>(4,685,749)</u>	<u>17,196,207</u>	<u>3,902,321</u>	<u>21,098,528</u>
At 1 January 2015	21,386,865	4,990,296	(4,573,296)	(30)	85,479	(438)	(4,598,217)	17,290,659	4,104,374	21,395,033
(Loss)/profit for the period	-	-	-	-	-	-	(1,216,643)	(1,216,643)	66,915	(1,149,728)
Other comprehensive loss for the period	-	-	-	(15,915)	-	-	-	(15,915)	-	(15,915)
Total comprehensive (loss)/income for the period	-	-	-	(15,915)	-	-	(1,216,643)	(1,232,558)	66,915	(1,165,643)
At 30 September 2015	<u>21,386,865</u>	<u>4,990,296</u>	<u>(4,573,296)</u>	<u>(15,945)</u>	<u>85,479</u>	<u>(438)</u>	<u>(5,814,860)</u>	<u>16,058,101</u>	<u>4,171,289</u>	<u>20,229,390</u>

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
For the nine months period ended 30 September 2015

		Nine months ended 30 September	
		2015	2014
	Notes	KD	KD
Operating activities			
Net loss for the period		(1,149,728)	(1,071,512)
<i>Adjustments for:</i>			
Depreciation and amortisation		176,036	131,861
Finance costs (wakala)		351,263	696,455
Unrealised loss/(gain) on sale of investments at fair value through statement of income		307,778	(145,312)
Realised gain on sale of investments at fair value through statement of income		13,425	64,034
Realised gain on sale of investment properties and properties under development		(249,201)	(26,343)
Share of results of associates		36,785	(7,166)
Gain on sale of an associate	10	(589,923)	-
Discount granted against settlement of wakala payables		-	(160,000)
Reversal of provision for accounts receivable and other debit balances		(195,781)	(571,050)
Realised gain on sale of available for sale investments		(875)	-
Provision for doubtful debts		901,536	545,167
Foreign currencies exchange gain		(53,317)	(47,344)
Provision for employees' end of service benefits		185,575	174,857
Operating loss before changes in working capital items		(266,427)	(416,353)
Investments at fair value through statement of income		729,960	(439,272)
Receivables and other debit balances		(93,457)	1,238,923
Related parties- net		22,299	1,972,853
Payables and other credit balances		(810,110)	54,996
Cash flows (used in)/generated from operations		(417,735)	2,411,147
Employees' end of service benefits paid		(32,504)	(30,915)
Net cash flows (used in)/generated from operating activities		(450,239)	2,380,232
Investing activities			
Purchase of investment properties	9	(623,209)	(1,777,803)
Purchase of property, plant and equipment		(104,687)	(178,758)
Proceeds from sale of investment properties		1,360,912	400,623
Proceeds from sale of property and equipment		-	72,170
Purchase of investment in associates		-	(35,032)
Maturity of term deposits		100,000	-
Proceeds from sale of an associate		1,846	-
Proceeds from sale of available for sale investments		2,125	-
Dividends received from an associate		26,090	33,351
Net cash flows generated from/(used in) investing activities		763,077	(1,485,449)
Financing activities			
Wakala payables - net		(14,502)	(987,985)
Finance costs (wakala) paid		(105,375)	(252,464)
Net movement on non-controlling interests		-	(20,244)
Net cash flows used in financing activities		(119,877)	(1,260,693)
Net increase in cash and bank balances		192,961	(365,910)
Bank balances and cash at beginning of the period		481,170	993,231
Bank balances and cash at end of the period		674,131	627,321
The Group has the following non-cash transactions during the period which are not presented in the interim condensed consolidated statement of cash flows.			
Non cash transactions :			
Transfer of investment in associate with wakala		982,154	-
Extinguishment of accumulated losses in an associate through related party receivables	10	123,368	440,000
Transfer of wakala payable to trade payables		681,000	1,111,217

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2015

1. Incorporation and activities

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

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

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

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

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

The Parent Company is a subsidiary of Istihwaz Holding Company K.S.C. (Public) (the "Ultimate Parent Company").

The interim condensed consolidated financial information for the nine-month period ended 30 September 2015 was authorised for issue by the Board of Directors on 16 March 2016.

2. Basis of preparation

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2015

2. Basis of preparation (Continued)

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

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new standards and amendments effective as of 1 January 2015. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on 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 or amendment are described below:

IAS 19 Employee Benefits (Amendment)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial information. They include:

- **IFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

These amendments do not impact the Group's accounting policies.

- **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not impact the Group's accounting policy.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2015

2. Basis of preparation (Continued)

- **IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in this interim condensed consolidated financial information.

- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

- **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial information. They include:

- **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is not relevant for the Group and its subsidiaries.

- **IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

**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 nine months period ended 30 September 2015

2. Basis of preparation (Continued)

• **IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3. Basis of consolidation

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

	Country of incorporation	Activities	Ownership interest %		
			30 September 2015	(Audited) 31 December 2014	30 September 2014
Kuwait Building Real Estate Company K.S.C.C.	State of Kuwait	Real estate	-	96%	96%
Dar Al-Thuraya Real Estate Company K.P.S.C.	State of Kuwait	Real estate	88.35%	88.35%	88.35%
Golden Madar Real Estate Company W.L.L.	State of Kuwait	Real estate	-	98%	98%
Middle East International Livestock Company K.S.C.C.	State of Kuwait	Importing and exporting livestock	-	-	96%
Fiduciary International For Programming and Printing Software Company W.L.L.	State of Kuwait	Programming and operating computer, printing and distribution of software and computers	99%	99%	99%
Al Madar Real Estate Development Company K.S.C.C.	State of Kuwait	Real estate	59.28%	59.28%	59.28%
Murooj Gulf Company L.L.C.	Sultanate of Oman	Real estate	75%	75%	75%
Al Thoraya for Warehousing and Refrigeration Company K.S.C.C.	State of Kuwait	Warehousing	96%	-	-

During the period, the Parent Company had made a share restructuring within the Group. As a result it has waived on its 96% shares in its subsidiary Kuwait Building Real Estate Company K.S.C.C. and 98% of Golden Madar Real Estate Company W.L.L. in favor of Dar Al-Thuraya Real Estate Company K.P.S.C. The Parent Company had also acquired 96% share of Al Thoraya for Warehousing and Refrigeration Company K.S.C.C., a subsidiary of Kuwait Building Real Estate Company K.S.C.C. The restructuring and waiver contracts had no effect on the interim condensed consolidated statement of income nor on the interim condensed consolidated statement cash flows.

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 nine months period ended 30 September 2015

3. Basis of consolidation (Continued)

During the period, 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.C., Murooj Gulf Company L.L.C. and Al Thoraya for Warehousing and Refrigeration Company K.S.C.C. based on condensed financial information prepared by the management as at 30 September 2015.

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

	Country of incorporation	Activities	Ownership interest %		
			30 September 2015	(Audited) 31 December 2014	30 September 2014
Thuraya Star Company W.L.L.	State of Kuwait	General Trading and Contracting	99%	99%	99%
Al Madar Real Estate Development Company K.S.C.C.	State of Kuwait	Real estate	-	-	59.28%
Murooj Gulf Company L.L.C.	Sultanate of Oman	Real estate	-	-	75%
Pack In Move Holding Company K.S.C (Holding)	State of Kuwait	Holding	99.88%	99.88%	-
Kuwait Building Real Estate Company K.S.C.C.	State of Kuwait	Real estate	96%	-	-
Golden Madar Real Estate Company W.L.L.	State of Kuwait	Real estate	98%	-	-

4. Critical accounting estimates and judgments

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

5. Bank balances and cash

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Cash at banks	599,309	447,595	510,763
Cash on hand	74,822	33,575	116,558
	<u>674,131</u>	<u>481,170</u>	<u>627,321</u>

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

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6. Investments at fair value through statement of income

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Investment at fair value through statement of income at acquisition	2,565,288	3,526,806	3,485,957

Analysis of investments at fair value through statement of income is as follows:

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Investments in unquoted local shares	290,523	264,388	274,580
Investments in portfolio - local funds	41,147	252,158	279,671
Investments in portfolio - foreign funds	2,233,618	3,010,260	2,931,706
	2,565,288	3,526,806	3,485,957

Valuation techniques of investment at fair value through statement of income are described in Note 18.

Unquoted local shares and foreign funds amounting to KD 216,068 (31 December 2014: KD 216,068 and 30 September 2014: KD 239,694) are carried at cost less impairment since their fair values could not be measured reliably. The management is not aware of any impairment of these investments.

7. Receivables and other debit balances

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Trade receivables	9,578,470	9,779,778	9,845,410
Provision for doubtful debts	(7,059,683)	(6,402,989)	(6,431,163)
	2,518,787	3,376,789	3,414,247
Receivables from sale of financial investments, investments properties and investment services	924,762	1,143,688	873,173
Accrued revenue	466,376	505,424	566,428
Staff receivables	13,458	22,500	18,826
Prepaid expenses and advances	1,337,091	872,937	1,244,046
Other receivables	1,022,380	963,965	1,312,208
	6,282,854	6,885,303	7,428,928

Receivables related to sale of financial investments, investment properties and investment services have been stated net of provision for doubtful debts of KD 748,481 as at 30 September 2015 (31 December 2014: KD 699,420 and 30 September 2014: KD 699,420).

Other receivables recorded in subsidiaries' books have been stated net of provision for doubtful debt of KD 122,057 as at 30 September 2015 (31 December 2014: KD 122,057 and 30 September 2014: KD 235,433).

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7. Receivables and other debit balances (Continued)

The maximum exposure to credit risks at reporting date is the fair value of each class of receivables. The Group holds guarantees amounting to KD 4,371,242 for trade receivables as at 30 September 2015 (31 December 2014: KD 4,400,349 and 30 September 2014: KD 4,400,071).

The Group did not accrue for finance charges on the overdue receivables.

Analysis of the provision for doubtful debts is as follows:

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Specific provision	<u>7,930,221</u>	<u>7,224,466</u>	<u>7,366,016</u>

8. Available for sale investments

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Investments in quoted local shares	1,348	1,513	1,873
Investments in unquoted local shares	20,751	37,751	37,751
Investments in unquoted foreign shares	41,194	41,194	41,194
	<u>63,293</u>	<u>80,458</u>	<u>80,818</u>

Investments in unquoted local and foreign shares of KD 46,195 (31 December 2014: KD 78,945 and 30 September 2014: KD 78,945) were carried at cost as there is no reliable basis to measure its fair value at the reporting date. The management is not aware of any impairment of these investments.

Analysis of the movement of available for sale investments is as follows:

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Balance at beginning of the period/ year	80,458	80,353	80,353
Disposals	(1,250)	-	-
Change in fair value	<u>(15,915)</u>	<u>105</u>	<u>465</u>
Balance at the ending of the period/year	<u>63,293</u>	<u>80,458</u>	<u>80,818</u>

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

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9. Investment properties

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Investment properties			
Balance at beginning of the period/year	15,753,165	11,395,560	11,395,560
Additions	124,679	37,051	37,686
Disposals	-	(152,000)	(152,000)
Transferred from properties under development	2,010,588	4,600,000	4,600,000
Change in fair value	-	(127,446)	-
Balance at the end of the period/year	17,888,432	15,753,165	15,881,246
	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Properties under development			
Balance at beginning of the period/year	13,431,673	15,919,639	15,919,639
Additions	498,530	2,014,783	1,740,117
Disposals	(1,111,711)	(642,979)	(222,280)
Transferred to investment properties	(2,010,588)	(4,600,000)	(4,600,000)
Change in fair value	-	740,230	-
Balance at the end of the period/year	10,807,904	13,431,673	12,837,476
Balance at the end of the period/year	28,696,336	29,184,838	28,718,722

Properties under development comprise of land and a building amounting to KD 2,010,588 (31 December 2014: KD 4,600,000 and 30 September 2014: KD 4,600,000) has been transferred to investment properties after finalising the construction works.

10. Investment in associates

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

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10. Investment in associates (Continued)

The carrying value of each individual associate is as follows:

Name of associate	30 September	(Audited)	30 September
	2015	31 December	2014
	KD	KD	KD
Foodna United Company W.L.L.	-	394,077	393,198
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L.	916,213	876,631	1,000,000
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E.)	364,092	373,110	356,904
	<u>1,280,305</u>	<u>1,643,818</u>	<u>1,750,102</u>

The Group's share of results of associates are recorded based on financial information prepared by the management as at 30 September 2015.

During the period, the Parent Company settled a debt with one of its wakala payables (Note 11) amounting to KD 984,000 against the waiver of its 49% ownership interest in Foodna United Company – W.L.L. which resulted in a gain of KD 589,923 that has been included in the interim condensed consolidated statement of income.

During the period, ended 30 September 2015 partners of the Interpack Kuwait Limited for General Trading and Contracting Company W.L.L. have agreed to extinguish its accumulated losses through their related party receivables. Accordingly, the Parent Company has contributed amounting to written off receivable balance of KD 123,368 (31 December 2014: KD 440,000 and 30 September 2014: KD 440,000) as Group's share.

11. Wakala payables

	30 September	(Audited)	30 September
	2015	31 December	2014
	KD	KD	KD
Current portion	22,760,714	24,034,231	24,032,013
Non-current portion	151,287	293,290	192,356
	<u>22,912,001</u>	<u>24,327,521</u>	<u>24,224,369</u>

The average effective cost on wakala is 4% as at 30 September 2015 (31 December 2014: 4% and 30 September 2014: 4%).

During the period, the Parent Company settled one of its payables amounted KD 984,000 against waiving its share in an associate. (Note 10)

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12. Trade payables and other credit balances

	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Trade payables	1,385,415	837,895	474,959
Accrued expenses	58,665	69,705	30,696
Payables of purchase of land and financial investments	735,064	1,400,654	1,571,279
	<u>2,179,144</u>	<u>2,308,254</u>	<u>2,076,934</u>

13. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Balances and transactions with related parties are as follows:

Interim condensed consolidated statement of financial position	30 September 2015	(Audited) 31 December 2014	30 September 2014
	KD	KD	KD
Investments at fair value through statement of income	41,090	84,534	83,430
Due from related parties	788,728	1,004,214	1,003,421
Wakala payables	16,857,888	17,227,627	17,069,856
Due to related parties	1,890,318	1,960,137	2,257,170
	Three months ended 30 September	Nine months ended 30 September	
	2015	2014	2015
	KD	KD	KD
Interim condensed consolidated statement of income			
Loss on sale of investments at fair value through statement of income	-	(149,916)	-
Discount granted against settlement of wakala payables	-	-	-
Salaries and other short term benefits	74,204	62,831	237,646
Employees' end of service benefits	7,077	7,077	20,922

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14. Basic and diluted loss per share

Basic and diluted loss per share is computed by dividing the loss for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding for the period excluding treasury shares:

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
Loss for the period attributable to equity holders of the Parent Company	(823,822)	(71,041)	(1,216,643)	(1,064,512)
Weighted average number of shares outstanding:				
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 shares outstanding	207,023,554	207,023,554	207,023,554	207,023,554
Basic and diluted loss per share attributable to equity holders of the Parent Company (fils)	(3.98)	(0.34)	(5.88)	(5.14)

15. Treasury shares

	30 September	(Audited)	30 September
	2015	31 December	2014
	KD	KD	KD
Number of shares purchased (share)	6,845,096	6,845,096	6,845,096
Ownership percentage (percentage to total capital)	3.2%	3.2%	3.2%
Cost	4,573,296	4,573,296	4,573,296
Market value (KD)	130,056	243,001	342,254

The Parent Company is committed to retain share premium equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

16. Fiduciary assets

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Parent Company and accordingly, are not included in the interim condensed consolidated financial information. As of the interim condensed consolidated statement of financial position date, total Fiduciary assets managed on behalf of clients amounted to KD 9,249,000 (31 December 2014: KD 11,118,000 and 30 September 2014: KD 9,222,000), including a portfolio managed on behalf of the Ultimate Parent Company amounting to KD 141,932 as at 30 September 2015 (31 December 2014: KD 196,905 and 30 September 2014: KD 263,145).

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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 to 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 summarised as follows:

	Segments revenue		Segments profit	
	Nine months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	KD	KD	KD	KD
Investment properties	1,219,902	843,847	1,219,902	843,847
Financial investments	232,810	88,444	232,810	88,444
Corporate finance	20,334	(60,714)	(330,929)	(757,169)
Other	1,291,742	1,539,944	1,291,742	1,539,944
	<u>2,764,788</u>	<u>2,411,521</u>	<u>2,413,525</u>	<u>1,715,066</u>
General and administrative expenses			(2,485,681)	(2,109,550)
Provision for doubtful debts			(901,536)	(545,167)
Depreciation and amortisation			(176,036)	(131,861)
Loss for the period			<u>(1,149,728)</u>	<u>(1,071,512)</u>

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17. Segment information (Continued)

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

	30 September 2015	(Audited) 31 December 2014	30 September 2014
Segment assets	KD	KD	KD
Investment properties	28,696,336	29,184,838	28,718,722
Financial investments	4,008,886	5,451,082	5,516,877
Corporate finance	2,518,787	3,376,789	3,414,247
Other	12,788,801	12,627,122	12,629,680
Total segment assets	48,012,810	50,639,831	50,279,526

	30 September 2015	(Audited) 31 December 2014	30 September 2014
Segment liabilities	KD	KD	KD
Investment properties	694,909	1,360,499	1,398,124
Corporate finance	22,912,001	24,327,521	24,224,369
Other	4,176,510	3,556,778	3,558,505
Total segment liabilities	27,783,420	29,244,798	29,180,998

18. General Assembly of Shareholders

The Annual General Assembly of the Parent Company for the year ended 31 December 2014 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the financial statements for the year ended 31 December 2014 have not yet been approved. The interim condensed consolidated financial information for the nine month period ended 30 September 2015 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2014.

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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:

	<u>Carried at fair value</u>	<u>Carried at cost</u>	<u>Carried at amortised cost</u>	<u>Total</u>
30 September 2015				
Financial assets:				
Bank balances and cash	-	-	674,131	674,131
Term deposits	-	-	100,000	100,000
Investments at fair value through statement of income	2,349,220	216,068	-	2,565,288
Receivables and other debit balances (excluding prepaid expenses and advances)	-	-	4,945,763	4,945,763
Due from related parties	-	-	788,728	788,728
Available for sale investments	17,098	46,195	-	63,293
	<u>2,366,318</u>	<u>262,263</u>	<u>6,508,622</u>	<u>9,137,203</u>
Financial liabilities:				
Wakala payables	-	-	22,912,001	22,912,001
Trade payables and other credit balances	-	-	2,179,144	2,179,144
Due to related parties	-	-	1,890,318	1,890,318
	<u>-</u>	<u>-</u>	<u>26,981,463</u>	<u>26,981,463</u>
	<u>Carried at fair value</u>	<u>Carried at cost</u>	<u>Carried at amortised cost</u>	<u>Total</u>
31 December 2014				
Financial assets:				
Bank balances and cash	-	-	481,170	481,170
Term deposits	-	-	200,000	200,000
Investments at fair value through statement of income	3,310,738	216,068	-	3,526,806
Receivables and other debit balances (excluding prepaid expenses and advances)	-	-	6,012,366	6,012,366
Due from related parties	-	-	1,004,214	1,004,214
Available for sale investments	1,513	78,945	-	80,458
	<u>3,312,251</u>	<u>295,013</u>	<u>7,697,750</u>	<u>11,305,014</u>
Financial liabilities:				
Wakala payables	-	-	24,327,521	24,327,521
Trade payables and other credit balances	-	-	2,308,254	2,308,254
Due to related parties	-	-	1,960,137	1,960,137
	<u>-</u>	<u>-</u>	<u>28,595,912</u>	<u>28,595,912</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>
30 September 2014				
Financial assets:				
Bank balances and cash	-	-	627,321	627,321
Term deposits	-	-	200,000	200,000
Investments at fair value through statement of income	3,246,263	239,694	-	3,485,957
Receivables and other debit balances (excluding prepaid expenses and advances)	-	-	6,184,882	6,184,882
Due from related parties	-	-	1,003,421	1,003,421
Available for sale investments	1,873	78,945	-	80,818
	<u>3,248,136</u>	<u>318,639</u>	<u>8,015,624</u>	<u>11,582,399</u>
Financial liabilities:				
Wakala payables	-	-	24,224,369	24,224,369
Trade payables and other credit balances	-	-	2,076,934	2,076,934
Due to related parties	-	-	2,257,170	2,257,170
	<u>-</u>	<u>-</u>	<u>28,558,473</u>	<u>28,558,473</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 entity can access at the measurement date.
- Level 2: inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

As at 30 September 2015

	<u>Level 1 KD</u>	<u>Level 2 KD</u>	<u>Total KD</u>
<i>Investments at fair value through statement of income</i>			
Investments in unquoted local shares	-	125,248	125,248
Investments in portfolio – local and foreign funds	-	2,223,972	2,223,972
<i>Available for sale investments</i>			
Quoted shares	1,348	-	1,348
Unquoted shares	-	15,750	15,750
Total	<u>1,348</u>	<u>2,364,970</u>	<u>2,366,318</u>

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19. Financial instruments (Continued)

As at 31 December 2014 (Audited)	Level 1	Level 2	Total
	KD	KD	KD
<i>Investments at fair value through statement of income</i>			
Investments in unquoted local shares	-	104,386	104,386
Investments in portfolio – local and foreign funds	-	3,211,626	3,211,626
<i>Available for sale investments</i>			
Quoted shares	1,513	-	1,513
Total	1,513	3,316,012	3,317,525
 As at 30 September 2014	 Level 1	 Level 2	 Total
	KD	KD	KD
<i>Investments at fair value through statement of income</i>			
Investments in unquoted local shares	-	85,680	85,680
Investments in portfolio – local and foreign funds	-	3,160,583	3,160,583
<i>Available for sale investments</i>			
Quoted shares	1,873	-	1,873
Total	1,873	3,246,263	3,248,136

20. Liquidity risks

The Liquidity risks resulted from the lack of the Group's ability to provide necessary funds to meet its liabilities that related to the financial instruments. To manage these risks, the Group periodically evaluates its customer's financial ability and invests in the bank 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 30 September 2015 by KD 16,419,175 (KD 16,205,129 as at 31 December 2014) and as the Group maintain suitable cash reserves and owns investment properties amounted to KD 28,696,336 as at 30 September 2015 (KD 29,184,838 as at 31 December 2014) which the Group intends to sell or use them to settle its debts with creditors related to wakala payables amounted to KD 22,912,001 as at 30 September 2015 (KD 24,327,521 as at 31 December 2014), and in addition, the Group retains guarantees amounted to KD 4,371,292 as at 30 September 2015 (KD 4,400,349 as at 31 December, 2014) against trade receivable that are due from customers which indicates that the Group will be able to meet its current liabilities.

21. Comparative figures

Certain comparative figures of the previous financial period/year have been reclassified to conform to the current financial period presentation but with no effect on previously reported loss for the period or equity.