

**Al Madar Finance and Investment**

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

**Kuwait**

**Interim condensed consolidated financial information  
for the nine months ended September 30, 2016  
(Unaudited)  
with review report**

**Al Madar Finance and Investment  
Company K.P.S.C  
and its subsidiaries  
Kuwait  
Interim condensed consolidated financial information  
for the nine months ended September 30, 2016  
(Unaudited)  
with review report**

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### **The Board of Directors**

**Al Madar Finance and Investment Company**

**K.P.S.C**

**And its subsidiaries**

**Kuwait**

### **Review report on the interim condensed consolidated financial information**

#### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial information of Al Madar Finance and Investment Company - K.P.S.C ("The Parent Company") and its subsidiaries (together referred to as "the Group") which comprise the interim condensed consolidated statement of financial position as of September 30, 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows 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 No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditors of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

#### **Emphasis of matter**

Without qualifying our conclusion, we draw attention to note (19) about the interim condensed consolidated financial information which shows that the current liabilities for the Group exceeded its current assets amounted to KD 19,008,292 as of September 30, 2016 (KD 17,214,309 as of December 31, 2015 and KD 16,419,175 as of September 30, 2015)

**Report on review of other legal and regulatory matters**


Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of year 2016 and related Executive Regulations or the law No. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive regulation, or the Memorandum and Articles of Association of the Parent Company, have occurred during the nine month period ended September 30, 2016 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 September 30, 2016 of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations.



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**Abdulhussain M. Al- Rasheed**  
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**Burgan-International Accountants**



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**Faisal Saqer Al Saqer**  
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**BDO Al Nisf & Partners**

May 8, 2017  
State of Kuwait



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

**Interim condensed consolidated statement of financial position as of September 30, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
<b>Assets</b>				
Cash and cash equivalents	4	518,745	657,800	674,131
Term deposits		-	-	100,000
Investments at fair value through statement of income	5	277,765	1,890,643	2,565,288
Receivables and other debit balances	6	5,184,384	5,708,886	6,282,854
Due from related parties	12	1,353,727	1,020,321	788,728
Available for sale investments	7	59,478	63,353	63,293
Investment properties	8	25,717,034	25,878,659	28,696,336
Investment in associates	9	1,348,123	1,383,233	1,280,305
Property, plant and equipment		7,141,890	7,247,178	7,170,053
Intangible assets		344,332	379,952	391,822
<b>Total assets</b>		<b>41,945,478</b>	<b>44,230,025</b>	<b>48,012,810</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Wakala payables	10	22,987,712	23,026,904	22,912,001
Payables and other credit balances	11	1,668,523	1,820,199	2,179,144
Due to related parties	12	1,838,666	1,796,844	1,890,318
Provision for end of service indemnity		934,128	837,018	801,957
<b>Total liabilities</b>		<b>27,429,029</b>	<b>27,480,965</b>	<b>27,783,420</b>
<b>Equity</b>				
Share capital		21,386,865	21,386,865	21,386,865
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	14	(4,573,296)	(4,573,296)	(4,573,296)
Change in fair value reserve		(14,760)	(15,885)	(15,945)
Revaluation surplus		147,324	147,324	85,479
Foreign currencies translation reserve		79,893	126,890	(438)
Other reserve		(122,147)	(122,147)	-
Accumulated losses		(9,524,123)	(7,324,047)	(5,814,860)
<b>Total equity attributable to the shareholders of the Parent Company</b>		<b>12,370,052</b>	<b>14,616,000</b>	<b>16,058,101</b>
Non-controlling interests		2,146,397	2,133,060	4,171,289
<b>Total equity</b>		<b>14,516,449</b>	<b>16,749,060</b>	<b>20,229,390</b>
<b>Total liabilities and equity</b>		<b>41,945,478</b>	<b>44,230,025</b>	<b>48,012,810</b>

**Bader Khaled AlBahar**  
**Chairman**

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

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

**Interim condensed consolidated statement of income for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	The three months ended September 30		The nine months ended September 30	
Note	2016	2015	2016	2015
<b>Revenue</b>				
Finance income/(murabaha)	-	8,096	28,316	20,334
Change in fair value of investments at fair value through statement of income	1,500	(282,492)	(4,716)	(307,778)
Realized losses from sale of investments at fair value through statement of income	(2,100)	(16,867)	(231,324)	(13,425)
Dividends income	2,066	-	2,066	-
Realized gain on sale of available for sale investments	-	-	-	875
Impairment losses on available for sale investments	(5,000)	-	(5,000)	-
Gain on sale of an associates	-	-	-	589,923
Group's share in associates results	24,402	(25,653)	(1,132)	(36,785)
Investment services revenues	35,141	19,454	82,198	73,837
Realized gains from sale of investment properties	3,947	172,166	32,764	249,201
Rental income	371,355	331,020	1,088,375	970,701
Foreign currencies translation differences	3,740	(13,031)	(6,913)	53,317
Reversal of provision for accounts receivable and other debit balances	182,311	40,953	182,311	195,781
Net profit from sales	349,378	362,168	744,802	935,326
Other income	6,731	16,310	52,977	33,481
<b>Total revenue</b>	<b>973,471</b>	<b>612,124</b>	<b>1,964,724</b>	<b>2,764,788</b>
<b>Expenses and other charges</b>				
General and administrative expenses	1,019,277	957,792	2,751,283	2,661,717
Provision for doubtful debts	134,961	347,006	1,340,756	901,536
wakala Finance costs	14,088	113,818	59,424	351,263
<b>Total expenses and other charges</b>	<b>1,168,326</b>	<b>1,418,616</b>	<b>4,151,463</b>	<b>3,914,516</b>
<b>Net loss for the period</b>	<b>(194,855)</b>	<b>(806,492)</b>	<b>(2,186,739)</b>	<b>(1,149,728)</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	(200,189)	(823,822)	(2,200,076)	(1,216,643)
Non-controlling interests	5,334	17,330	13,337	66,915
<b>Net loss for the period</b>	<b>(194,855)</b>	<b>(806,492)</b>	<b>(2,186,739)</b>	<b>(1,149,728)</b>
<b>Basic and diluted loss per share attributable to shareholders of the Parent Company/(Fils)</b>	13 <b>(0.97)</b>	<b>(3.98)</b>	<b>(10.63)</b>	<b>(5.88)</b>

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



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

**Interim condensed consolidated statement of comprehensive income for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	<b>The three months ended September 30</b>		<b>The nine months ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net loss for the period	<b>(194,855)</b>	<b>(806,492)</b>	<b>(2,186,739)</b>	<b>(1,149,728)</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be subsequently reclassified to the Interim condensed consolidated statement of income:</i>				
Change in fair value of available for sale investments	<b>1,080</b>	<b>(5,340)</b>	<b>1,125</b>	<b>(15,915)</b>
Foreign currencies translation reserve	<b>(7,911)</b>	<b>-</b>	<b>(46,997)</b>	<b>-</b>
Other comprehensive loss for the period	<b>(6,831)</b>	<b>(5,340)</b>	<b>(45,872)</b>	<b>(15,915)</b>
<b>Total comprehensive loss for the period</b>	<b>(201,686)</b>	<b>(811,832)</b>	<b>(2,232,611)</b>	<b>(1,165,643)</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	<b>(207,020)</b>	<b>(829,162)</b>	<b>(2,245,948)</b>	<b>(1,232,558)</b>
Non-controlling interests	<b>5,334</b>	<b>17,330</b>	<b>13,337</b>	<b>66,915</b>
	<b>(201,686)</b>	<b>(811,832)</b>	<b>(2,232,611)</b>	<b>(1,165,643)</b>

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

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

**Interim condensed consolidated statement of changes in equity for the nine months ended September 30, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Share capital	Share premium	Treasury shares	Change in fair value reserve	Revaluation surplus	Foreign currencies translation reserve	Other reserve	Accumulated losses	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance at January 1, 2015	21,386,865	4,990,296	(4,573,296)	(30)	85,479	(438)	-	(4,598,217)	17,290,659	4,104,374	21,395,033
Loss for the period	-	-	-	-	-	-	-	(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 for the period	-	-	-	(15,915)	-	-	-	(1,216,643)	(1,232,558)	66,915	(1,165,643)
Balance at September 30, 2015	21,386,865	4,990,296	(4,573,296)	(15,945)	85,479	(438)	-	(5,814,860)	16,058,101	4,171,289	20,229,390
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	-	-	-	-	-	-	-	(2,200,076)	(2,200,076)	13,337	(2,186,739)
Other comprehensive loss for the period	-	-	-	1,125	-	(46,997)	-	-	(45,872)	-	(45,872)
Total comprehensive loss for the period	-	-	-	1,125	-	(46,997)	-	-	(2,245,948)	13,337	(2,232,611)
Balance at September 30, 2016	21,386,865	4,990,296	(4,573,296)	(14,760)	147,324	79,893	(122,147)	(9,524,123)	12,370,052	2,146,397	14,516,449

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



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

**Interim condensed consolidated statement of cash flows for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	The nine months ended September 30	
		2016	2015
<b>Operating activities</b>			
Net loss for the period		(2,186,739)	(1,149,728)
<b>Adjustments:</b>			
Depreciation and amortization		182,184	176,036
Finance costs (wakala)		59,424	351,263
Change in fair value of investments at fair value through statement of income		4,716	307,778
Realized losses from sale of investments at fair value through statement of income		231,324	13,425
Dividends income		(2,066)	-
Realized gains from sale of investment properties		(32,764)	(249,201)
Realized gain from sale of available for sale investments		-	(875)
Impairment losses on available for sale investments		5,000	-
Gain on sale of associate		-	(589,923)
Group's share in associates results		1,132	36,785
Gain on sale of Property, plant and equipment		(600)	-
Provision for doubtful debts		1,340,756	901,536
Reversal of provision for accounts receivable and other debit balances		(182,311)	(195,781)
Foreign currencies translation differences		6,913	(53,317)
Provision for end of service indemnity		160,254	185,575
Operating loss before changes in working capital items		(412,777)	(266,427)
Receivables and other debit balances		(632,787)	(93,457)
Investments at fair value through statement of income		1,387,987	729,960
Related parties		(291,584)	22,299
Payables and other credit balances		(151,676)	(810,110)
Cash used in operations		(100,837)	(417,735)
End of service indemnity paid		(63,144)	(32,504)
Net cash used in operating activities		(163,981)	(450,239)
<b>Investing activities</b>			
Term deposits		-	100,000
Paid for the purchase of investment in associates		(36,000)	-
Proceeds from sale of an associate		-	1,846
Paid for the purchase of Property, plant and equipment		(41,276)	(104,687)
Proceeds from sale of Property, plant and equipment		600	-
Proceeds from sale of available for sale investments		-	2,125
Proceeds from sale of investment properties		260,139	1,360,912
Paid for the purchase of investment properties		(65,750)	(623,209)
Dividends income received from associates		-	26,090
Dividends income received		2,066	-
Net cash generated from investing activities		119,779	763,077
<b>Financing activities</b>			
Wakala payables		-	(14,502)
Wakala finance costs paid		(94,853)	(105,375)
Net cash used in financing activities		(94,853)	(119,877)
Net (decrease)/increase in cash and cash equivalents		(139,055)	192,961
Cash and cash equivalents at beginning of the period		657,800	481,170
<b>Cash and cash equivalents at end of the period</b>	4	<b>518,745</b>	<b>674,131</b>

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

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

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

**1- Incorporation and activities**

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

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

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

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

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

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

Companies law no. 1 of year 2016 ("new law") was issued on January 24, 2016 and published in the official gazette on February 1, 2016 which has cancelled the companies law no. 25 of year 2012, as amended ("previous law"). The new law shall be applied as of November 26, 2012. The executive regulations of this law has been issued and published in the Official Gazette on 17 July 2016.

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



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

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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**2- Significant Accounting Policies**

**2/1) Basis of preparation**

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

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

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2015.

During the period the Group has adopted all the standards that came into effect for annual periods beginning January 1, 2016. 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, 2016. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2015.

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

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2016 did not have any material impact on the accounting policies, financial position or performance of the Group.



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

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2016**

**(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 Parent company'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, 2015.

**3- Consolidated subsidiaries**

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

	<u>Country</u>	<u>Activity</u>	<u>Shareholding percentage %</u>		
			<u>September 30, 2016</u>	<u>December 31, 2015 (Audited)</u>	<u>September 30, 2015</u>
Dar Al-Thuraya Real Estate Co. K.P.S.C	Kuwait	Real estate	<b>%88.35</b>	%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	<b>%99</b>	%99	%99
Al Madar Real Estate Development K.S.C (Closed)	Kuwait	Real estate	<b>%98.50</b>	%98.50	%59.28
Al Murooj Gulf Company L.L.C	Oman	Real estate	-	-	%75
Al Thuraya for Warehousing and Cold Storage K.S.C (Closed)	Kuwait	Warehousing	<b>%96</b>	%96	%96

- During the period ended September 30, 2016 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 September 30, 2016.

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

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2016**

**(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:

	<u>Country</u>	<u>Activity</u>	<u>Shareholding percentage %</u>		
			<u>September 30, 2016</u>	<u>December 31, 2015 (Audited)</u>	<u>September 30, 2015</u>
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**

	<u>September 30, 2016</u>	<u>December 31, 2015 (Audited)</u>	<u>September 30, 2015</u>
Cash at banks	393,832	618,817	599,309
Cash on hand	124,913	38,983	74,822
	<u>518,745</u>	<u>657,800</u>	<u>674,131</u>

The effective yield rate on saving accounts as at September 30, 2016 was 0.73% (As of December 31, 2015: 0.94% and as of September 30, 2015: 0.94%).

**5- Investments at fair value through statement of income**

	<u>September 30, 2016</u>	<u>December 31, 2015 (Audited)</u>	<u>September 30, 2015</u>
Investments in unquoted local shares	185,825	173,441	290,523
Investments in portfolio - local funds	41,147	41,147	41,147
Investments in portfolio – foreign funds	50,793	1,676,055	2,233,618
	<u>277,765</u>	<u>1,890,643</u>	<u>2,565,288</u>



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

**Notes to the interim condensed consolidated financial information for the nine months ended September 30, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

- Investments in unquoted local shares and foreign funds of KD 66,068 (December 31, 2015: KD 66,068 and September 30, 2015: KD 216,068) are carried at cost less impairment, since their fair values could not be measured reliably. Management does not have indicator for the impairment of these investments.
- Investments in unquoted shares are evaluated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and also take in consideration recently transactions on the shares with other parties in investee companies or similar companies.
- During the period, a foreign Fund has been liquidated which resulted in a loss of KD 229,224 recognized in the interim condensed consolidated statement of income.

**6- Receivables and other debit balances**

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Trade receivables	6,078,749	9,526,976	9,578,470
Provision for doubtful debts	(5,389,771)	(7,422,397)	(7,059,683)
	<u>688,978</u>	<u>2,104,579</u>	<u>2,518,787</u>
Receivables from sale of financial, investments properties and services	892,353	980,004	924,762
Accrued revenue	635,119	509,859	466,376
Staff receivables	19,117	16,247	13,458
Prepaid expenses	556,557	901,118	1,337,091
Other receivables	2,392,260	1,197,079	1,022,380
	<u>5,184,384</u>	<u>5,708,886</u>	<u>6,282,854</u>

- The item of receivables from sale of financial, investments properties and services has been presented after deducting a provision for doubtful debts of KD 748,480 as of September 30, 2016 (December 31, 2015: KD 748,480 and September 30, 2015: KD 748,480).
- Other receivables have been presented after deducting a provision for doubtful debt of KD 122,057 as of September 30, 2016 represent provisions recorded in subsidiaries (December 31, 2015: KD 122,057 and September 30, 2015: KD 122,057).
- The maximum exposure to credit risks at reporting date is the fair value of each class of receivables. The Group holds guarantees amounting to KD 1,046,909 for trade receivables as of September 30, 2016 (December 31, 2015: KD 4,205,884 and September 30, 2015: KD 4,371,242).
- The board of directors of the Parent Company held on July 25, 2016 was approved to write off due from one of receivables of financial amounted to KD 3,286,804 as well as related provision amounted to KD 3,191,071 and also differed revenue that related amounted to KD 95,733 from books and records accounting related to the Parent company. This procedure will not affect the legal procedures which have been taken by the Parent company to claim the client with repayment the whole due amount.
- The Group does not incur any finance charges on the overdue receivables.



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

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Specific provision	<u>6,260,308</u>	<u>8,292,934</u>	<u>7,930,220</u>

**7- Available for sale investments**

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
Investments in quoted local shares	1,483	1,408	1,348
Investments in unquoted local shares	21,801	20,751	20,751
Investments in unquoted foreign shares	<u>36,194</u>	<u>41,194</u>	<u>41,194</u>
	<u>59,478</u>	<u>63,353</u>	<u>63,293</u>

- Investments in unquoted local and foreign investments of KD 41,194 (December 31, 2015: KD 61,945 and September 30, 2015: KD 46,195) were carried at cost as due to non-availability of a measurement tool to measure its fair value at the date of interim condensed consolidated financial position.
- Investments in unquoted shares are evaluated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and also take in consideration recently transactions on the shares with other parties in investee companies or similar companies.
- Available for sale investments include unquoted foreign investments at an actual cost of KD 3,698,839 carried forward from the year 2009 since these investments are subject to a legal dispute. The management decided to reduce the cost of this investment in previous years until it is finally resolved settled.

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**8- Investment properties**

	<b>September 30, 2016</b>	<b>December 31, 2015 (Audited)</b>	<b>September 30, 2015</b>
<b>Investment properties</b>			
Balance at beginning of the period/year/period	<b>16,025,352</b>	15,753,165	15,753,165
Additions	-	124,592	124,679
Disposals	-	(1,439,940)	-
Transferred from Properties under development	-	2,010,588	2,010,588
Change in fair value	-	(483,234)	-
Foreign currencies translation differences	-	60,181	-
Balance at the ending of the period/year/ period	<b>16,025,352</b>	<b>16,025,352</b>	<b>17,888,432</b>
 <b>Properties under development</b>	 <b>September 30, 2016</b>	 <b>December 31, 2015 (Audited)</b>	 <b>September 30, 2015</b>
Balance at beginning of the period/ year/period	<b>9,853,307</b>	13,431,673	13,431,673
Additions	<b>65,750</b>	516,030	498,530
Disposals	<b>(227,375)</b>	(1,840,824)	(1,111,711)
Transferred to Investment properties	-	(2,010,588)	(2,010,588)
Change in fair value	-	(312,508)	-
Foreign currency translation differences	-	69,524	-
Balance at the ending of the period/year/ period	<b>9,691,682</b>	<b>9,853,307</b>	<b>10,807,904</b>
Balance at the ending of the period/year/ period	<b>25,717,034</b>	<b>25,878,659</b>	<b>28,696,336</b>

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## 9- Investment in associates

The statement of these investments of associates is as follows:

	Country	Measurement method	Activity	Ownership percentage %	
				September 30, 2016	December 31, 2015 (Audited) September 30, 2015
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	Kuwait	Equity method	General Trading and Contracting	%40	%40
Egyptian Saudi Company for Medical Equipment (S.A.E)	Arab Republic of Egypt	Equity method	Medical equipment and devices	%25.93	%22.50

The book value of each associate is as follows:

Name of associate	September 30, 2016		December 31, 2015 (Audited)		September 30, 2015	
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	950,462		1,000,000		916,213	
Egyptian Saudi Company for Medical Equipment (S.A.E)	397,661		383,233		364,092	
	<u>1,348,123</u>		<u>1,383,233</u>		<u>1,280,305</u>	

- The Group's share in associates' results as of September 30, 2016 was recognized based on interim financial information prepared by management as of September 30, 2016.

- During the period, the Group increased its share in the Egyptian Saudi Company for Medical Equipment (S.A.E) from 22.50% to 25.93% by 3.43%. According to this transaction, there is no significant effect on the interim condensed consolidated financial statements for the period ended September 30, 2016.



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**10- Wakala payables**

	<b>September 30, 2016</b>	<b>December 31, 2015 (Audited)</b>	<b>September 30, 2015</b>
Current portion	<u>22,835,724</u>	<u>22,874,916</u>	<u>22,760,714</u>
Non-current portion	<u>151,988</u>	<u>151,988</u>	<u>151,287</u>
	<u>22,987,712</u>	<u>23,026,904</u>	<u>22,912,001</u>

- The average effective cost on wakala is 4% as at September 30, 2016 (December 31, 2015: 4% and September 30, 2015: 4%).
- Wakala payables include past due wakala payables of KD 4,887,212. The Parent Company was obliged to pay in based judicial ruling against the Parent Company.
- During the period, wakala has been accrued amounted to KD 16,999,319 with one of the creditors, and it was not renewed until date of interim condensed consolidated financial information.

**11- Payables and other credit balances**

	<b>September 30, 2016</b>	<b>December 31, 2015 (Audited)</b>	<b>September 30, 2015</b>
Trade payables	<u>1,337,195</u>	<u>1,461,086</u>	<u>1,385,415</u>
Accrued expenses	<u>47,198</u>	<u>73,733</u>	<u>58,665</u>
Payables of purchase of land and financial investments	<u>284,130</u>	<u>285,380</u>	<u>735,064</u>
	<u>1,668,523</u>	<u>1,820,199</u>	<u>2,179,144</u>

**12- Related parties transactions**

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

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

<b>Balances</b>	<b>September 30, 2016</b>	<b>December 31, 2015 (Audited)</b>	<b>September 30, 2015</b>
Investment at fair value through statement of income	644	920	41,090
Due from related parties	1,353,727	1,020,321	788,728
Wakala payables	-	-	16,857,888
Due to related parties	1,838,666	1,796,844	1,890,318

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<b>Transactions</b>	<b>The Three months ended September 30,</b>		<b>The Nine months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salaries and other short term benefits	66,853	74,204	230,176	237,646
Provision for staff end of service indemnity	6,639	7,077	20,998	20,922

**13- 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:

	<b>The Three months ended September 30,</b>		<b>The Nine months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net loss for the period attributable to shareholders of the Parent Company	(200,189)	(823,822)	(2,200,076)	(1,216,643)
Weighted average number of outstanding shares:				
Number of shares:	213,868,650	213,868,650	213,868,650	213,868,650
Less: Weighted average number of outstanding treasury shares	(6,845,096)	(6,845,096)	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares	207,023,554	207,023,554	207,023,554	207,023,554
Basic and diluted loss per share attributable to shareholders of the Parent Company/(Fils)	(0.97)	(3.98)	(10.63)	(5.88)

**14- Treasury shares**

	<b>September 30, 2016</b>	<b>December 31, 2015 (Audited)</b>	<b>September 30, 2015</b>
Number of shares purchased (share)	6,845,096	6,845,096	6,845,096
Ownership percentage (percentage of treasury shares from the total issued shares)	%3.2	%3.2	%3.2
Cost	4,573,296	4,573,296	4,573,296
Market value (KD)	85,564	130,056	130,056

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



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**15- Fiduciary assets**

Fiduciary assets comprise of investments and funds managed on behalf of clients. These are not assets of the Parent Company and accordingly, are not included in the interim condensed consolidated financial information. As of the condensed consolidated statement of financial position date, total Fiduciary assets managed on behalf of clients amounted to KD 8,223,000 (December 31, 2015: KD 9,086,000 and September 30, 2015: KD 9,249,000), including a portfolio managed on behalf of the Ultimate Parent Company amounting to KD 118,914 as at September 30, 2016 (December 31, 2015: KD 137,820 and September 30, 2015: KD 141,932).

**16- Segment information**

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

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

**A. Real estate:**

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

**B. Financial investments:**

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

**C. Corporate finance:**

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



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**D. Other:**

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

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

	<b>Segments revenue</b>		<b>Segments loss</b>	
	<b>The nine months ended</b>		<b>The nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Investment properties	1,121,139	716,716	1,121,139	1,219,902
Financial investments	(240,106)	557,822	(240,106)	232,810
Corporate finance	28,316	167,066	(31,108)	(330,929)
Other	1,055,375	711,060	1,055,375	1,291,742
	<u>1,964,724</u>	<u>2,152,664</u>	<u>1,905,300</u>	<u>2,413,525</u>
General and administrative expense :			(2,751,283)	(2,661,717)
Provision for doubtful debts			(1,340,756)	(901,536)
Loss for the period			<u>(2,186,739)</u>	<u>(1,149,728)</u>

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

	<b>September</b>		<b>December</b>
	<b>30, 2016</b>	<b>31, 2015</b>	<b>September</b>
<b>Segment assets</b>		<b>(Audited)</b>	<b>30, 2015</b>
Investment properties	25,717,034	25,878,659	28,696,336
Financial investments	1,685,366	3,337,229	4,008,886
Corporate finance	688,978	2,104,579	2,518,787
Other	13,854,100	12,909,558	12,788,801
<b>Total segment assets</b>	<u>41,945,478</u>	<u>44,230,025</u>	<u>48,012,810</u>
	<b>September</b>		<b>December</b>
	<b>30, 2016</b>	<b>31, 2015</b>	<b>September</b>
<b>Segment liabilities</b>		<b>(Audited)</b>	<b>30, 2015</b>
Investment properties	243,975	245,225	694,909
Corporate finance	22,987,712	23,026,904	22,912,001
Other	4,197,342	4,208,836	4,176,510
<b>Total segment liabilities</b>	<u>27,429,029</u>	<u>27,480,965</u>	<u>27,783,420</u>

**17- General Assembly of Shareholders**

The shareholders' general assembly was held on April 24, 2017 and approved the Group consolidated financial statements for the year ended December 31, 2015 and the Board of Directors proposed not to distribute dividends for the financial year ended December 31, 2015. And not to grant Board of Directors' remuneration for the financial year ended 31 December 2015.

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**18- Financial instruments**

**Categories of financial instruments**

The financial assets and liabilities of the Group have been classified in the interim condensed consolidated statement of financial position as follows:

	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
<b>Financial assets</b>			
Cash and cash equivalents	518,745	657,800	674,131
Term deposits	-	-	100,000
Investments at fair value through statement of income	277,765	1,890,643	2,565,288
Receivables and other debit Balances	5,184,384	5,708,886	6,282,854
Due from related parties	1,353,727	1,020,321	788,728
Available for sale investments	59,478	63,353	63,293
	<u>7,394,099</u>	<u>9,341,003</u>	<u>10,474,294</u>
	September 30, 2016	December 31, 2015 (Audited)	September 30, 2015
<b>Financial liabilities</b>			
Wakala payables	22,987,712	23,026,904	22,912,001
Payables and other credit balances	1,668,523	1,820,199	2,179,144
Due to related parties	1,838,666	1,796,844	1,890,318
	<u>26,494,901</u>	<u>26,643,947</u>	<u>26,981,463</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.



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The hierarchy levels of fair value are set out below:

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

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

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

**As of September 30, 2016:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of income</i>	-	211,697	211,697
<i>Available for sale investments</i>	1,483	16,801	18,284
<b>Total</b>	<u>1,483</u>	<u>228,498</u>	<u>229,981</u>

**As of December 31, 2015 (Audited):**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of income</i>	-	1,824,575	1,824,575
<i>Available for sale investments</i>	1,408	-	1,408
<b>Total</b>	<u>1,408</u>	<u>1,824,575</u>	<u>1,825,983</u>

**As of September 30, 2015:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<i>Investments at fair value through statement of income</i>	-	2,349,220	2,349,220
<i>Available for sale investments</i>	1,348	15,750	17,098
<b>Total</b>	<u>1,348</u>	<u>2,364,970</u>	<u>2,366,318</u>

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



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**19- Liquidity risks**

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

The Group's current liabilities exceeded its current assets as of September 30, 2016 by KD 19,008,292 (KD 17,214,309 as of December 31, 2015 and KD 16,419,175 as of September 30, 2015) and whereas the Group maintained adequate cash reserves and owns investment properties of KD 25,717,034 as of September 30, 2016 (KD 25,878,659 as of December 31, 2015 and KD 28,696,336 as of September 30, 2015) which the Group intends to sell or utilize them to settlement of its debt with creditors related to wakala payables of KD 22,987,712 as of September 30, 2016 (KD 23,026,904 as of December 31, 2015 and KD 22,912,001 as of September 30, 2015) in addition, the Group maintains guarantees of KD 1,046,909 as of September 30, 2016 (KD 4,205,884 as of December 31, 2015 and KD 4,371,242 as of September 30, 2015) against receivables due from customers. This indicates that the Group will be able to meet its short-term liabilities.