

**Al Madar Finance and Investment Company K.S.C. (Public)
and its Subsidiaries
State of Kuwait**

**Interim condensed Consolidated Financial Information (Unaudited)
And Review Report for the Nine Month period ended
30 September 2019**

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Interim condensed consolidated financial information (unaudited)
For the Nine month period ended 30 September 2019

Contents	Page
Report on Review of Interim Condensed Consolidated Financial Information	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Income (Unaudited)	3
Interim Condensed Consolidated Statement of Income and Other Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	5
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	6
Notes to the Interim Condensed Consolidated financial information (Unaudited)	7-19

**Board of Directors of
Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries
State of Kuwait**

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the interim condensed consolidated financial information of Al Madar Finance and Investment Company K.S.C. (Public) ("the Parent Company") and its subsidiaries (together referred to as "the Group") which comprise the interim condensed consolidated statement of financial position as at 30 September 2019, 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 preparation and fair presentation of this interim condensed consolidated financial information is the responsibility of the Parent Company's management in accordance with IAS 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 Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

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 account of the Parent Company. We further report nothing has come to our attention indicating any material violations during the nine month period ended 30 September 2019, of Companies Law No. 1 of 2016, and its executive regulations, as amended, Law No. 7 of 2010 concerning establishment of Capital Markets Authority and organization of securities activity and its executive regulations, or the Parent Company's memorandum of incorporation and articles of association, as amended, that would materially affect the Group's activities or 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 2019 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.



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

Kuwait: 11 November 2019

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 September 2019

	Notes	30 September 2019 KD	31 December 2018 (Audited) KD	30 September 2018 KD
Assets				
Cash and bank balances	4	2,528,803	2,266,845	426,207
Financial assets at fair value through profit or loss	5	768,753	133,866	135,277
Accounts receivable and other debit balances	6	14,166,870	3,341,706	2,113,900
Due from related parties	7	316	22,226	2,035
Financial assets at fair value through other comprehensive income	8	52,222	52,568	55,892
Investment properties	9	8,813,866	26,494,415	20,934,234
Investment in an associate	10	328,731	253,425	250,476
Property, plant and equipment		28,686	331,997	6,607,671
Intangible assets		-	488,720	631,815
Total assets		<u>26,688,247</u>	<u>33,385,768</u>	<u>31,157,507</u>
Liabilities and equity				
Liabilities				
Wakala payables	11	-	4,091,766	4,091,466
Ijara payable	12	-	2,325,673	2,289,974
Accounts payable and other credit balances	13	2,470,776	2,683,457	2,985,749
Due to related parties	7	343,510	343,510	332,765
Employees' end of service indemnity		373,370	708,277	1,283,900
Total liabilities		<u>3,187,656</u>	<u>10,152,683</u>	<u>10,983,854</u>
Equity				
Share capital		21,386,865	21,386,865	21,386,865
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	14	(4,573,296)	(4,573,296)	(4,573,296)
Change of fair value reserve for financial assets at fair value through other comprehensive income		1,221	962	2,249
Foreign currency translation reserve		(83,384)	(108,471)	(104,710)
Other reserve		(122,147)	(122,147)	(122,147)
Retained earnings/(accumulated losses)		387	(173,396)	(3,240,281)
Total equity attributable to shareholders of the Parent Company		<u>21,599,942</u>	<u>21,400,813</u>	<u>18,338,976</u>
Non-controlling interests		1,900,649	1,832,272	1,834,677
Total equity		<u>23,500,591</u>	<u>23,233,085</u>	<u>20,173,653</u>
Total liabilities & equity		<u>26,688,247</u>	<u>33,385,768</u>	<u>31,157,507</u>

The accompanying notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.


Hamad Saleh Hamad Al Thekeir
Chairman

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Income (Unaudited)
For the Nine month period ended 30 September 2019

		Three months ended 30 September		Nine months ended 30 September	
	Notes	2019	2018	2019	2018
Continuing operations					
Revenues					
Rental income		185,802	287,810	661,147	901,826
Investment services (expenses) /revenues		(2,235)	11,194	35,728	21,077
Murabaha revenues		-	-	-	237,065
Change in fair value of financial assets at fair value through profit or loss		(37,644)	(1,992)	(32,594)	(10,914)
Realized (losses) /profits on sale of financial assets at fair value through profit or loss	5	(60,729)	500	(57,179)	500
Cash dividend		-	-	20,288	569
Group's share of associate's business results		29,621	2,483	37,071	(3,250)
Realized gain on sale of investment in an associate		-	-	-	429,773
(Loss) /gain on sale of investment properties	9	(323,000)	-	(304,834)	2,008,933
Loss on sale of property and equipment		-	-	-	(25,108)
Write back of provision for expected credit losses		491,271	-	563,968	-
Write back of finance transactions		-	-	-	1,852,974
Realized gain on settlement of wakala payables	11	-	-	114,020	8,497,026
Impairment of financial assets at fair value through other comprehensive income		-	-	-	(703)
Other income /(expenses)		19,156	(6,510)	36,165	294,864
Total income		<u>302,242</u>	<u>293,485</u>	<u>1,073,780</u>	<u>14,204,632</u>
Expenses and other charges					
General and administrative expenses		472,878	659,730	1,196,284	2,068,437
Provision for expected credit losses		129,570	2,703	129,570	41,199
Finance costs		17,858	35,660	79,169	107,428
Total expenses and other charges		<u>620,306</u>	<u>698,093</u>	<u>1,405,023</u>	<u>2,217,064</u>
(Loss) /profit for the period from continuing operations before NLST and Zakat		<u>(318,064)</u>	<u>(404,608)</u>	<u>(331,243)</u>	<u>11,987,568</u>
National Labour Support Tax		-	14,539	-	(290,124)
Zakat		-	5,816	-	(116,049)
(Loss) /profit for the period from continuing operations		<u>(318,064)</u>	<u>(384,253)</u>	<u>(331,243)</u>	<u>11,581,395</u>
Discontinued operations					
Profit /(loss) for the period from discontinued operations	3	379,249	(51,886)	592,359	(52,149)
Net profit /(loss) for the period		<u>61,185</u>	<u>(436,139)</u>	<u>261,116</u>	<u>11,529,246</u>
Attributable to:					
Shareholders of the Parent Company		50,073	(449,252)	173,783	11,483,701
Non-controlling interests		11,112	13,113	87,333	45,545
Profit /(loss) for the period		<u>61,185</u>	<u>(436,139)</u>	<u>261,116</u>	<u>11,529,246</u>
Basic and diluted (loss) /earnings per share for the period from the continuing operations attributable to the shareholders of the Parent Company (fils)					
	15	<u>(1.59)</u>	<u>(1.92)</u>	<u>(2.02)</u>	<u>55.72</u>
Basic and diluted earnings /(loss) per share for the period from the discontinued operations attributable to the shareholders of the Parent Company (fils)					
	15	<u>1.83</u>	<u>(0.25)</u>	<u>2.86</u>	<u>(0.25)</u>

The accompanying notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Income and Other Comprehensive Income (Unaudited)
For the Nine month period ended 30 September 2019

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Net profit / (loss) for the period	61,185	(436,139)	261,116	11,529,246
Other comprehensive income items:				
<i>Items that will not be reclassified subsequently in the interim condensed consolidated statement of income:</i>				
Change in fair value of Financial assets at fair value through other comprehensive income	349	784	259	1,306
Foreign currency translation reserve	20,412	4,451	25,087	(9,646)
Total other comprehensive income /(loss)	20,761	5,235	25,346	(8,340)
Total other comprehensive income /(loss) for the period	81,946	(430,904)	286,462	11,520,906
Attributable to:				
Shareholders of the Parent Company	70,834	(444,190)	199,129	11,475,188
Non-controlling interests	11,112	13,286	87,333	45,718
	81,946	(430,904)	286,462	11,520,906

The accompanying notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the Nine month period ended 30 September 2019**

	Share capital KD	Share premium KD	Treasury shares KD	Change of fair value reserve for financial assets at fair value through other comprehensive income KD	Foreign currency translation reserve KD	Other reserve KD	(Accumulated losses) / Retained earnings KD	Total equity attributable to shareholders of the Parent Company KD	Non-controlling interests KD	Total equity KD
Balance at 1 January 2018	21,386,865	4,990,296	(4,573,296)	1,116	(95,064)	(122,147)	(14,723,982)	6,863,788	1,788,959	8,652,747
Net profit for the period	-	-	-	-	-	-	11,483,701	11,483,701	45,545	11,529,246
Comprehensive income / (loss) for the period	-	-	-	1,133	(9,646)	-	-	(8,513)	173	(8,340)
Total comprehensive income / (loss) for the period	-	-	-	1,133	(9,646)	-	-	-	45,718	11,520,906
Balance at 30 September 2018	21,386,865	4,990,296	(4,573,296)	2,249	(104,710)	(122,147)	(3,240,281)	18,338,976	1,834,677	20,173,653
Balance at 1 January 2019	21,386,865	4,990,296	(4,573,296)	962	(108,471)	(122,147)	(173,396)	21,400,813	1,832,272	23,233,085
Net profit for the period	-	-	-	-	-	-	173,783	173,783	87,333	261,116
Comprehensive income for the period	-	-	-	259	25,087	-	-	25,346	-	25,346
Total comprehensive income for the period	-	-	-	259	25,087	-	-	-	87,333	286,462
Impact of disposal of subsidiaries	-	-	-	-	-	-	-	-	(18,956)	(18,956)
Balance at 30 September 2019	21,386,865	4,990,296	(4,573,296)	1,221	(83,384)	(122,147)	387	21,599,942	1,900,649	23,500,591

The accompanying notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the Nine month period ended 30 September 2019

	Notes	Nine months ended 30 September	
		2019 KD	2018 KD
Operating activities			
Net profit for the period		261,116	11,529,246
Adjustments:			
Depreciation and amortization		60,308	168,709
Finance costs		79,169	107,428
Change in fair value of financial assets at fair value through profit or loss		32,594	10,914
Realized loss /(gain) on sale of financial assets at fair value through profit or loss	5	57,179	(500)
Loss /(gain) on sale of investment properties	9	304,834	(2,008,933)
Gain on sale of subsidiaries	3	(240,799)	-
Impairment of financial assets at fair value through other comprehensive income		-	703
Loss on sale of property, plant and equipment		-	25,108
Group's share of associate's business results		(37,071)	3,250
Write back of provision for expected credit losses	6	(563,968)	-
Provision for expected credit losses	6	129,570	41,199
Realized gain on sale of investment in an associate		-	(429,773)
Write back of finance transactions		-	(1,852,974)
Realized gain from settlement of wakala payables	11	(114,020)	(8,497,026)
Employees' end of service indemnity		114,350	147,497
Operating profit / (loss) before changes in working capital items		83,262	(755,152)
Financial assets at fair value through profit or loss		(727,260)	2,500
Accounts receivable and other debit balances		916,658	468,892
Due from/to related parties – net		19,788	50,655
Accounts payable and other credit balances		(53,398)	108,029
Cash generated from / (used in) operations		239,050	(125,076)
Payment of employees' end of service indemnity		(286,114)	(68,019)
Net cash flows used in operating activities		(47,064)	(193,095)
Investing activities			
Proceeds from sale of property, plant and equipment		-	31,460
Paid for the acquisition of property, plant and equipment		(5,286)	(24,251)
Paid for the acquisition of interests in an associate	10	(26,425)	-
Dividends received from associate	10	13,277	12,846
Proceeds from sale of subsidiary	3	240,000	-
Proceeds from sale of investment properties		9,224,715	523,151
Paid for purchase of investment properties		(2,445,000)	(15,118)
Net cash flows generated from investment activities		7,001,281	528,088
Financing activities			
Finance costs paid		(79,169)	(145,631)
Ijara payable		(2,325,673)	(250,302)
Net movement in wakala receivables		(3,977,746)	(473,412)
Net movement in non-controlling interests		23,689	-
Net cash used in financing activities		(6,358,899)	(869,345)
Net increase/(decrease) in cash and bank balances		595,318	(534,352)
Impact of disposal of a subsidiary	3	(333,360)	-
Cash and bank balances at the beginning of the period		2,266,845	960,559
Cash and bank balances at the end of the period	4	2,528,803	426,207

The Group has the following non-cash transactions during the period, which are not presented in the statement of interim condensed consolidated statement of cash flows:

Non-cash transactions	Note	Nine month ended 30 September	
		2019 KD	2018 KD
Amounts due from sale of investment properties	6	5,001,000	-
Investment property transferred to a related party		-	150,000

The accompanying notes on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019**

1. General Information

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

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

- Promoting and marketing shares and bonds of all types for the favor of the Company according to Islamic Shari'a.
- Investment in all types of movables whether for its own favor or for others by way of agency or brokerage except for the Company's 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.
- Portfolio management as per relevant laws and according to Islamic Shari'a.
- Purchase, lease, acquisition, rent, licensing of all kinds of investment equipment and subsequent sale or disposal thereof.
- Carry out real estate investments for the Parent Company's account or for third parties.
- Providing research and studies and other technical services related to investment and employing funds for others.
- Establishing and managing investment funds as per relevant laws and regulations and after approval of concerned parties.

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

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

The Parent Company is subsidiary to Al Thekair General Trading and Contracting Company W.L.L. ("the Ultimate Parent Company").

The interim condensed consolidated financial information of Al Madar Finance and Investment Company K.S.C. (Public) and its subsidiaries ("the Group") for the nine month period ended 30 September 2019 were authorized for issue by the Parent Company's board of directors on 11 November 2019.

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 IFRSs except for the requirements of IFRS 9: financial instruments related to the expected credit risk, which have been replaced by CBK instructions.

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

2. Basis of preparation (Continued)

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

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").

Operating results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further information, please refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2018.

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

The same accounting policies and calculation methods adopted in the consolidated financial statements for the year ended 31 December 2018 were adopted in the preparation of the interim condensed consolidated financial information, except for the adoption of the following new standards and amendments effective as of 1 January 2019. The nature and the effect of these changes are disclosed below. Although these new standards and amendments will be applied for the first time in 2019, 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 as follows:

- IFRS 16 - Leases.
- Amendments to IFRS 9: Benefits of advance payment with negative compensation
- Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures.

Annual Improvements to IFRSs 2015-2017 Cycle (issued on December 2017) on the following:

- IFRS 3 - Business combinations.
- IFRS 11 - Joint arrangements
- IAS 23 - Borrowing Costs

3. Subsidiaries

The details of subsidiaries are as follows:

Company's name	Country of Incorporation	Activity	Shareholding		
			30 September 2019	31 December 2018 (Audited)	30 September 2018
Dar Al-Thuraya Real Estate Co. K.S.C. (Public)	State of Kuwait	Real estate	88.35%	88.35%	88.35%
Fiduciary International For Programming and Printing Software Company W.L.L. (Note 3- a)	Kuwait	Programming and operating computer, printing and distribution of software and computers	-	99%	99%
Al Madar Real Estate Development Company K.S.C. (Closed)	State of Kuwait	Real estate	98.5%	98.5%	98.5%
Althuraya for Warehousing & Cold Storage K.S.C. (Closed)	State of Kuwait	Warehousing	96%	96%	96%

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

3. Subsidiaries (Continued)

During the period ended 30 September 2019, the Group has consolidated the interim condensed financial information of Al Madar Real Estate Development Company K.S.C. (Closed) and Althuraya for Warehousing & Cold Storage K.S.C. (Closed) based on interim financial information prepared by the management as at 30 September 2019.

During the period ended 30 September 2019, the Group disposed its interest of 99% in its subsidiary "Fiduciary International for Programming and Printing Software Company W.L.L." of KD 240,000, which resulted in a loss of KD 105,904 recorded in the interim condensed consolidated statement of income.

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

Company's name	Country of Incorporation	Activity	Shareholding		
			30 September 2019	31 December 2018 (Audited)	30 September 2018
Althuraya Star Co. W.L.L.	State of Kuwait	General Trading and Contracting	99%	99%	99%
Kuwait Building Real Estate Company K.S.C. (Closed)	State of Kuwait	Real estate	96%	96%	96%
Pack & Move Holding K.S.C. (Closed) (Note 3-b)	Kuwait	Holding	-	99.88%	99.88%
Golden Madar Real Estate Company W.L.L.	State of Kuwait	Real estate	98%	98%	98%

During the period ended 30 September 2019, the Group has consolidated the interim condensed financial information of Althuraya Star Co. W.L.L., Kuwait Real Estate Building Company K.S.C. (Closed), and Golden Madar Real Estate Company W.L.L. based on interim financial information prepared by the management as at 30 September 2019.

During the period ended 30 September 2019, the Group disposed the interest of Dar Al-Thuraya Real Estate Co. K.S.C. of 99.88% in its subsidiary "Pack & Move Holding Company K.S.C (Closed)" of KD 7,000,000, which resulted in a profit of KD 346,703.

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

3. Subsidiaries (Continued)

a) Below are the details of the carrying amount of the subsidiaries at the date of disposal:

	KD
Assets	
Property, plant and equipment	272,036
Right of use	150
Intangible assets	464,973
Investment properties	5,595,000
Financial assets at fair value through other comprehensive income	1
Inventories	280,532
Trade and other receivables	395,662
Financial assets at fair value through profit or loss	2,600
Due from a related party	2,122
Cash and bank balances	333,360
Liabilities	
Employees' end of service benefits	(176,464)
Trade payables and other credit balances	(159,283)
Net identifiable assets	7,010,689
The Parent Company's share in the subsidiaries	6,999,201
Disposal consideration	7,240,000
Gain on sale of subsidiaries	240,799

b) Below is a summary of business results related to the discontinued operations:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Revenues	353,667	316,264	1,183,708	1,126,409
Expenses	(215,051)	(369,174)	(831,726)	(1,180,096)
Profit from discontinued operations	138,616	(52,910)	351,982	(53,687)
Group's share of discontinued operations profit	138,450	(51,886)	351,560	(52,149)
Gain on sale of subsidiaries	240,799	-	240,799	-
	379,249	(51,886)	592,359	(52,149)

c) Net cash flows related to discontinued operations as follows:

	Nine months ended 30 September	
	2019	2018
	KD	KD
Net cash flows generated from / (used in) operating activities	86,675	(19,199)
Net cash flows generated from investing activities	-	28,267
Net cash flows used in financing activities	(10,427)	(10,200)
Net cash inflows / (outflows)	76,248	(1,132)

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

4. Cash and bank balances

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Bank balances	2,521,273	2,168,801	359,662
Cash on hand	7,530	98,044	66,545
	<u>2,528,803</u>	<u>2,266,845</u>	<u>426,207</u>

The annual average effective yield rate on the savings accounts as at 30 September 2019 was 0.75% (31 December 2018: 0.59%, and 30 September 2018: 0.75%).

5. Financial assets at fair value through profit or loss

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Investment in quoted local shares	679,879	-	-
Investment in unquoted local shares	47,727	38,776	40,187
Investments in portfolio - local funds	41,147	41,147	41,147
Investments in portfolio – foreign funds	-	53,943	53,943
	<u>768,753</u>	<u>133,866</u>	<u>135,277</u>

During the period ended 30 September 2019, the Group sold financial assets at fair value through profit or loss, which resulted in loss of KD 57,179 recognized in the interim condensed consolidated statement of income.

Valuation techniques for investments at fair value through statement of income are disclosed in Note 19.

6. Accounts receivable and other debit balances

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Trade receivables	1,783,252	1,783,252	2,546,304
Less: provision for ECLs	(1,749,649)	(1,749,649)	(2,512,447)
	33,603	33,603	33,857
Receivables from sale of financial and real estate investments and services (a)	5,542,982	1,639,929	32,797
Amount due from sale of a subsidiary (b)	7,000,000	-	-
Accrued rentals	32,499	13,682	211,232
Staff receivables	6,377	29,813	11,871
Prepaid expenses	925,672	140,860	312,157
Other receivables	625,737	1,483,819	1,511,986
	<u>14,166,870</u>	<u>3,341,706</u>	<u>2,113,900</u>

**Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019**

6. Accounts receivable and other debit balances (Continued)

- a) Amount of KD 5,001,000 that represents the amounts due from transaction of the Group when it sold some of its investment properties during the period ended 30 September 2019 (Note 9).
- b) Amount due from sale of a subsidiary "Pack & Move Holding" during the period ended 30 September 2019 (Note 3).
- Receivables from sale of financial and real estate investments and services item has been presented after deducting the expected credit loss provision of KD 54,888 as at 30 September 2019 (31 December 2018: KD 780,916 and 30 September 2018: KD 820,179).
- Accrued rentals item has been presented after deducting the expected credit loss provision of KD 750,292 as at 30 September 2019 representing provisions recorded in subsidiaries (31 December 2018: KD 776,404 and 30 September 2018: KD 617,258).
- Other receivables item has been presented after deducting the expected credit loss provision of KD 16,975 as at 30 September 2019 (31 December 2018: KD 516,843 and 30 September 2018: KD 246,394).

The maximum exposure to credit risks at reporting date is the fair value of each class of receivables. The Group holds guarantees of KD 33,603 for trade receivables as at 30 September 2019 (31 December 2018: KD 33,603 and 30 September 2018: KD 33,604).

Analysis of provision for expected credit loss during the period / year/ period is as follows:

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Balance at the begging of the year	3,823,812	6,044,915	6,044,915
Impact of transition to IFRS 9	-	352,097	-
Provision for expected credit losses for the period / year/ period	129,570	97,715	41,198
Write back provision for expected credit losses	(563,968)	-	-
Write back of finance transactions	-	(2,670,915)	(1,852,973)
Write off of provision	(385,304)	-	(36,862)
Related to disposal of subsidiaries	(432,306)	-	-
	<u>2,571,804</u>	<u>3,823,812</u>	<u>4,196,278</u>

7. Related party transactions

Related parties comprise of the Group's shareholders who are members of the Board of Directors, key management personnel, and subsidiaries in which the Parent Company has representatives in their board. In the normal course of business and subject to the approval of the Group's management, transactions were made with such parties during the period ended 30 September 2019. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

**Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019**

7. Related party transactions (Continued)

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

	<u>30 September 2019</u> KD	<u>31 December 2018 (Audited)</u> KD	<u>30 September 2018</u> KD
Interim condensed consolidated statement of financial position:			
Due from related parties	316	22,226	2,035
Receivables from sale of financial and real estate investments and services	-	1,600,000	-
Due to related parties	<u>343,510</u>	<u>343,510</u>	<u>332,765</u>
	<u>Three months ended 30 September</u>	<u>Nine months ended 30 September</u>	
	<u>2019</u> KD	<u>2018</u> KD	<u>2019</u> KD
Interim condensed consolidated statement of income:			
Salaries and other short-term benefits	15,583	53,611	46,673
End of service benefits	3,275	3,294	9,683
	<u>18,858</u>	<u>56,905</u>	<u>56,356</u>
			<u>124,228</u>

8. Financial assets at fair value through other comprehensive income

	<u>30 September 2019</u> KD	<u>31 December 2018 (audited)</u> KD	<u>30 September 2018</u> KD
Investment in quoted local shares	2,350	2,696	6,432
Investment in unquoted local shares	13,678	13,678	13,266
Investment in unquoted foreign shares	<u>36,194</u>	<u>36,194</u>	<u>36,194</u>
	<u>52,222</u>	<u>52,568</u>	<u>55,892</u>

Financial assets at fair value through other comprehensive income include unquoted foreign shares at an actual cost of KD 3,698,839 (31 December 2018: KD 3,698,839 and 30 September 2018: KD 3,698,839) brought forward from 2009. Since these investments are the subject of a legal dispute, management decided to reduce the cost of these investments in full in the previous years until they are finally resolved.

Valuation techniques of the financial assets at fair value through other comprehensive income are disclosed in Note 19.

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

9. Investment properties

	30 September 2019 KD	31 December 2018 (audited) KD	30 September 2018 KD
Investment properties			
Balance at beginning of the period/year	23,142,848	17,611,217	17,611,217
Additions	2,445,000	-	-
Disposals	(13,928,000)	(2,900,737)	(2,250,737)
Transfer from properties under development	-	2,065,639	-
Transfers from property, plant and equipment	-	5,595,000	-
Change in fair value	-	753,228	-
Foreign currency translation differences	-	18,501	-
Impact of disposal of a subsidiary (Note 3)	(5,595,000)	-	-
Balance at end of the period/year	6,064,848	23,142,848	15,360,480
Properties under development			
Balance at beginning of the period/year	3,351,567	5,952,117	5,952,117
Additions	-	15,119	15,118
Disposals	(602,549)	(442,844)	(393,481)
Transfers to investment properties	-	(2,065,639)	-
Change in fair value	-	(124,554)	-
Foreign currency translation differences	-	17,368	-
Balance at end of the period/year	2,749,018	3,351,567	5,573,754
Balance at end of the period/year	8,813,866	26,494,415	20,934,234

During the period ended 30 September 2019, the Group sold investment properties at carrying amount of KD 14,530,549 in an amount of KD 14,225,715, which was resulted in loss of KD 304,834 recognized in the interim condensed consolidated statement of income.

10. Investment in an associate

The details of investments in associates are as follows:

Name of the associate	Country of incorporation	Measurement method	Activity	Voting rights and equity interest %		
				30 September 2019	31 December 2018 (audited)	30 September 2018
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	The Arab Republic of Egypt	Equity method	Medical devices and equipment	33.85%	30.26%	30.26%

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

10. Investment in an associate (Continued)

Name of Associate	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	328,731	253,425	250,476

The Group's share in results of the associate is recorded based on the management accounts prepared by the management as at 30 September 2019 as the associate did not have available financial information as at 30 September 2019.

During the period ended 30 September 2019, the Group increased its interest in the associate by 3.59% through purchase of 179,648 interests of total amount KD 26,425.

During the period, the associate "Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E.)" distributed cash dividends at 10% of the nominal value of the share (31 December 2018: 10%, and 30 September 2018: 10%) in a total amount of KD 13,277 (31 December 2018: KD 12,846 and 30 September 2018: KD 12,846) in accordance with the Company's board of directors' decision.

11. Wakala payables

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Wakala payables	-	4,091,766	4,091,466

During the period ended 30 September 2019, the Group settled its debt with one of the payable parties on 23 May 2019, which was matured during the previous years. Such transaction is resulted in realized profit of KD 114,020 recognized in the interim condensed consolidated statement of income under realized profit from settlement of wakala payables.

During the period ended 30 September 2019, the Group settled its debts with a creditor, which the Company had been obliged to pay based on previous judicial verdict.

12. Ijara payable

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Ijara payable	-	2,393,953	2,393,953
Future finance costs	-	(68,280)	(103,979)
	-	2,325,673	2,289,974

During the period ended 30 September 2019, the debt due to the bank was settled. Properties related to Ijara payable were sold to a third party (Note 9).

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

13. Accounts payable and other credit balances

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Trade payables	17,251	46,549	162,489
Accrued expenses	183,203	400,058	561,663
Purchase of land and financial investments payables	3,340	-	31,131
National Labour Support Tax	272,440	291,352	-
Zakat	108,976	117,815	-
Other payables	1,885,566	1,827,683	2,230,466
	<u>2,470,776</u>	<u>2,683,457</u>	<u>2,985,749</u>

14. Treasury shares

	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Number of shares purchased (No's)	6,845,096	6,845,096	6,845,096
Ownership percentage (treasury shares percentage to total issued shares)	3.2%	3.2%	3.2%
Cost (KD)	<u>4,573,296</u>	<u>4,573,296</u>	<u>4,573,296</u>
Market value (KD)	<u>850,161</u>	<u>1,143,131</u>	<u>937,778</u>

The Parent Company is committed to keeping reserves and capital share premium equal to the purchased treasury shares cost which are non-distributable along acquisition period by the Parent Company in accordance with instructions of the concerned regulatory authorities. Treasury shares are retained for certain creditors.

15. Basic and diluted earnings per share attributable to Shareholders of the Parent Company / (fils)

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
(Loss) / profit for the period from the continuing operations attributable to the shareholders of the Parent Company (KD)	<u>(329,176)</u>	<u>(397,366)</u>	<u>(418,576)</u>	<u>11,535,850</u>
Profit / (loss) for the period from the discontinued operations attributable to the shareholders of the Parent Company (KD)	<u>379,249</u>	<u>(51,886)</u>	<u>592,359</u>	<u>(52,149)</u>
Weighted average number of shares outstanding:				
Number of issued shares (share)	213,868,650	213,868,650	213,868,650	213,868,650
Less: Weighted average number of treasury shares (shares)	<u>(6,845,096)</u>	<u>(6,845,096)</u>	<u>(6,845,096)</u>	<u>(6,845,096)</u>
Weighted average number of outstanding shares	<u>207,023,554</u>	<u>207,023,554</u>	<u>207,023,554</u>	<u>207,023,554</u>
Basic and diluted (loss) / earnings per share for the period from the continuing operations attributable to the shareholders of the Parent Company (fils)	<u>(1.59)</u>	<u>(1.92)</u>	<u>(2.02)</u>	<u>55.72</u>
Basic and diluted earnings / (loss) per share for the period from the discontinued operations attributable to the shareholders of the Parent Company (fils)	<u>1.83</u>	<u>(0.25)</u>	<u>2.86</u>	<u>(0.25)</u>

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

16. Fiduciary assets

Fiduciary assets comprise of investments and funds managed on behalf of clients. These assets are not owned by the Parent Company, and accordingly they are not included in the interim condensed consolidated financial information. As at the interim condensed consolidated financial position date, total fiduciary assets managed on behalf of clients amounted to KD 4,432,000 (31 December 2018: KD 4,072,000, and 30 September 2018: KD 4,213,500) including a portfolio managed on behalf of a related party of KD 973,774 as at 30 September 2019 (31 December 2018: KD 7,369 and 30 September 2018: KD 9,373).

17. Segment information

Operating segments are identified based on the internal reports of Group segments which are regularly reviewed by the Chairman and general manager as the principal decisions makers in the Group so as to allocate resources to and evaluate performance of these segments on an ongoing basis.

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

a) Real estate:

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

b) Financial investments:

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

c) Corporate finance:

Activity of this segment is to provide finance to companies by using the different Islamic financing instruments, i.e. Murabaha, Wakala, future sales and other contracts that are in compliance with rules of the noble Islamic Shari'a.

d) Other:

This includes the revenues and expenses that are not included under the above sectors.

Summarized information in respect of the Group's segment information is given below:

	Segment revenues		Segments profit	
	Nine months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Investment properties	356,313	2,910,759	356,313	2,910,759
Financial investments	81,606	10,766,678	81,606	10,766,678
Corporate finance	-	237,065	(79,169)	129,637
Other	635,861	290,130	635,861	290,130
	1,073,780	14,204,632	994,611	14,097,204
General and administrative expenses			(1,196,284)	(2,068,437)
Provision for expected credit losses			(129,570)	(41,199)
National Labour Support Tax			-	(290,124)
Zakat			-	(116,049)
(Loss) / profit for the period from continuing operations			(331,243)	11,581,395

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

17. Segment information (Continued)

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

Segment assets	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Investment properties	13,814,866	28,134,344	20,967,031
Financial investments	8,149,706	439,859	441,645
Corporate finance	316	22,226	2,035
Other	4,723,359	4,789,339	9,746,796
Total segment assets	26,688,247	33,385,768	31,157,507

Segment liabilities	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Corporate finance	343,510	6,760,949	6,714,205
Other	2,844,146	3,391,734	4,269,649
Total segment liabilities	3,187,656	10,152,683	10,983,854

18. Shareholders general assembly

The annual general assembly meeting of the shareholders was held on 14 May 2019 and approved the consolidated financial statements of the Group for the financial year ended 31 December 2018. It also approved board of directors' recommendations not to distribute dividends for the financial year ended 31 December 2018 and not to distribute remuneration to the board members for the financial year ended 31 December 2018.

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:

Financial assets	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Cash and bank balances	2,528,803	2,266,845	426,207
Financial assets at fair value through profit or loss	768,753	133,866	135,277
Receivables and other debit balances (excluding prepaid expenses)	13,241,198	3,200,846	1,801,743
Due from related parties	316	22,226	2,035
Financial assets at fair value through other comprehensive income	52,222	52,568	55,892
	16,591,292	5,676,351	2,421,154

Al Madar Finance and Investment Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the Nine month period ended 30 September 2019

19. Financial instruments (Continued)

Financial liabilities	30 September 2019	31 December 2018 (audited)	30 September 2018
	KD	KD	KD
Wakala payables	-	4,091,766	4,091,466
Ijara payable	-	2,325,673	2,289,974
Accounts payable and other credit balances	2,470,776	2,683,457	2,985,749
Due to related parties	343,510	343,510	332,765
	<u>2,814,286</u>	<u>9,444,406</u>	<u>9,699,954</u>

Fair value of financial instruments

The 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 Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

30 September 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Financial assets:</i>				
Financial assets at fair value through profit or loss	679,879	27,175	61,699	768,753
Financial assets at fair value through other comprehensive income	2,350	8,677	41,195	52,222
	<u>682,229</u>	<u>35,852</u>	<u>102,894</u>	<u>820,975</u>

31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Financial assets:</i>				
Financial assets at fair value through profit or loss	-	18,317	115,549	133,866
Financial assets at fair value through other comprehensive income	2,696	8,677	41,195	52,568
	<u>2,696</u>	<u>26,994</u>	<u>156,744</u>	<u>186,434</u>

30 September 2018	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<i>Financial assets:</i>				
Financial assets at fair value through profit or loss	-	19,728	115,549	135,277
Financial assets at fair value through other comprehensive income	6,432	8,265	41,195	55,892
	<u>6,432</u>	<u>27,993</u>	<u>156,744</u>	<u>191,169</u>