

**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 three month period ended 31 March 2019

**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 three month period ended 31 March 2019

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

**Independent auditor's report on review of interim condensed consolidated financial information**

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial information of Al Madar Finance and Investment Company K.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 31 March 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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.

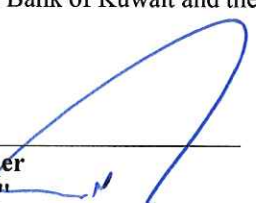
*Emphasis of a matter*

Without qualifying our conclusion, we draw attention to note 20 on the interim condensed consolidated financial information which indicates that current liabilities of the Group exceeded its current assets with an amount of KD 2,355,886 as at 31 March 2019 (31 December 2018: KD 3,679,763 and 31 March 2018: KD 21,434,185).

**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 three month period ended 31 March 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 three month period ended 31 March 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 related regulations.



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


**Kuwait: 15 May 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 31 March 2019**

		<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
		<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Notes</b>	<b>KD</b>	<b>(audited)</b>	<b>KD</b>
			<b>KD</b>	<b>KD</b>
<b>Assets</b>				
Cash and bank balances	4	1,991,903	2,266,845	1,535,433
Financial assets at fair value through profit or loss	5	676,267	133,866	139,269
Accounts receivable and other debit balances	6	4,252,129	3,341,706	3,189,744
Due from related parties	7	22,226	22,226	567,965
Financial assets at fair value through other comprehensive income	8	52,808	52,568	55,010
Investment properties	9	25,148,415	26,494,415	23,048,565
Investment in associates	10	252,273	253,425	1,060,757
Property, plant and equipment		320,886	331,997	6,714,305
Intangible assets		476,847	488,720	655,562
<b>Total assets</b>		<b>33,193,754</b>	<b>33,385,768</b>	<b>36,966,610</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Wakala payables	11	4,093,116	4,091,766	21,160,698
Ijara payables	12	2,360,596	2,325,673	2,614,486
Accounts payable and other credit balances	13	2,501,189	2,683,457	2,768,887
Due to related parties	7	343,510	343,510	322,525
Employees' end of service indemnity		596,531	708,277	1,248,791
<b>Total liabilities</b>		<b>9,894,942</b>	<b>10,152,683</b>	<b>28,115,387</b>
<b>Equity</b>				
Share capital		21,386,865	21,386,865	21,386,865
Share premium		4,990,296	4,990,296	4,990,296
Treasury shares	14	(4,573,296)	(4,573,296)	(4,573,296)
Change of fair value reserve for financial assets at fair value through other comprehensive income		1,202	962	1,540
Foreign currency translation reserve		(103,796)	(108,471)	(104,802)
Other reserve		(122,147)	(122,147)	(122,147)
Accumulated losses		(136,291)	(173,396)	(14,520,338)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>21,442,833</b>	<b>21,400,813</b>	<b>7,058,118</b>
Non-controlling interests		1,855,979	1,832,272	1,793,105
<b>Total equity</b>		<b>23,298,812</b>	<b>23,233,085</b>	<b>8,851,223</b>
<b>Total equity and liabilities</b>		<b>33,193,754</b>	<b>33,385,768</b>	<b>36,966,610</b>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

  
**Hamad Saleh Hamad Al Thekair**  
*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 three month period ended 31 March 2019

	Note	Three months ended 31 March	
		2019 KD	2018 KD
<b>Revenues</b>			
Rental income		471,261	380,234
Net sales profit		117,237	221,616
Investment services revenues		1,859	13,004
Murabaha revenues		-	58,321
Change in fair value of financial assets at fair value through profit or loss		26,415	(8,922)
Realized gain on sale of financial assets at fair value through profit or loss		5,733	-
Cash dividends		-	569
Impairment of financial assets at fair value through other comprehensive income		-	(703)
Group's share of associates' results		7,450	(15,169)
(Loss)/ profit on sale of investment properties		(61,284)	1,177
Reversed provision of finance transactions		-	390,308
Other income		30,367	142,046
<b>Total income</b>		<u>599,038</u>	<u>1,182,481</u>
<b>Expenses and other charges</b>			
General and administrative expenses		503,303	938,141
Provision for expected credit losses		-	543
Finance costs		34,923	36,007
<b>Total expenses and other charges</b>		<u>538,226</u>	<u>974,691</u>
<b>Profit for the period</b>		<u>60,812</u>	<u>207,790</u>
<b>Attributable to:</b>			
Shareholders of the Parent Company		37,105	203,644
Non-controlling interests		23,707	4,146
<b>Profit for the period</b>		<u>60,812</u>	<u>207,790</u>
<b>Basic and diluted earnings per share for the period attributable to the Parent Company's shareholders / (fils)</b>	15	<u>0.179</u>	<u>0.984</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.S.C. (Public)**  
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**Interim condensed consolidated statement of comprehensive income (unaudited)**  
For the three month period ended 31 March 2019

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD</b>	<b>KD</b>
Profit for the period	60,812	207,790
<b>Other comprehensive income items:</b>		
<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	240	424
Foreign currency translation reserve	4,675	(9,738)
Total other comprehensive income/ (loss)	4,915	(9,314)
<b>Total comprehensive income for the period</b>	<b>65,727</b>	<b>198,476</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	42,020	194,330
Non-controlling interests	23,707	4,146
	<b>65,727</b>	<b>198,476</b>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.



**Al Madar Finance and Investment Company K.S.C. (Public)**  
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**Interim condensed consolidated statement of changes in equity (unaudited)**  
**For the three month period ended 31 March 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 KD	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	-	-	-	-	-	-	203,644	203,644	4,146	207,790
Comprehensive income / (loss) for the period	-	-	-	424	(9,738)	-	-	(9,314)	-	(9,314)
Total comprehensive income/(loss) for the period	-	-	-	424	(9,738)	-	203,644	194,330	4,146	198,476
Balance at 31 March 2018	21,386,865	4,990,296	(4,573,296)	1,540	(104,802)	(122,147)	(14,520,338)	7,058,118	1,793,105	8,851,223
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	-	-	-	-	-	-	37,105	37,105	23,707	60,812
Comprehensive income for the period	-	-	-	240	4,675	-	-	4,915	-	4,915
Total comprehensive income for the period	-	-	-	240	4,675	-	37,105	42,020	23,707	65,727
Balance at 31 March 2019	21,386,865	4,990,296	(4,573,296)	1,202	(103,796)	(122,147)	(136,291)	21,442,833	1,855,979	23,298,812

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**Al Madar Finance and Investment Company K.S.C. (Public)**  
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**Interim condensed consolidated statement of cash flows (unaudited)**  
For the three month period ended 31 March 2019

	Note	Three months ended 31 March	
		2019 KD	2018 KD
<b>Operating activities</b>			
Net profit for the period		60,812	207,790
Adjustments:			
Depreciation and amortization		23,845	79,365
Finance costs		34,923	36,007
Change in fair value of financial assets at fair value through profit or loss		(26,415)	8,922
Realized gain on sale of financial assets at fair value through profit or loss		(5,733)	-
Cash dividends		-	569
Loss/ (profit) from sale of investment properties		61,284	(1,177)
Impairment of financial assets at fair value through other comprehensive income		-	703
Group's share of associates' results		(7,450)	15,169
Provision for expected credit losses		-	543
Reversed provision of finance transactions		-	(390,308)
Employees' end of service indemnity		12,394	66,030
Operating profit before calculating effect of the change in working capital items		153,660	23,613
Accounts receivable and other debit balances		169,577	155,521
Due from / to related parties – net		-	22,420
Accounts payable and other credit balances		(168,991)	(108,746)
Cash generated from operations		154,246	92,808
Employees end of service benefits paid		(124,140)	(27,261)
<b>Net cash flows generated from operating activities</b>		<b>30,106</b>	<b>65,547</b>
<b>Investing activities</b>			
Paid for the acquisition of property, plant and equipment		(861)	(3,120)
Paid for purchase of financial assets at fair value through profit or loss		(510,253)	-
Proceeds from sale of investment properties		204,716	523,151
Paid for purchase of investment properties		-	(7,205)
<b>Net cash flows (used in)/ generated from investing activities</b>		<b>(306,398)</b>	<b>512,826</b>
<b>Financing activities</b>			
Finance costs paid		-	(3,499)
Net movement in wakala receivables		1,350	-
<b>Net cash generated from/(used in) financing activities</b>		<b>1,350</b>	<b>(3,499)</b>
Net (decrease)/ increase in cash and bank balances		(274,942)	574,874
Cash and bank balances at the beginning of the period		2,266,845	960,559
<b>Cash and bank balances at the end of the period</b>	4	<b>1,991,903</b>	<b>1,535,433</b>

The Group has the following non-cash activities during the year, which is not reflected in the consolidated statement of cash flows.

Non-cash transactions	Note	Three months ended 31 March	
		2019 KD	2018 KD
Amounts due from sale of investment properties	6	1,080,000	-

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.



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**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

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**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 the Kuwait Stock Exchange 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 three month period ended 31 March 2019 were authorized for issue by the Parent Company's board of directors on 15 May 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").

**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

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

This interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") 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.

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

The interim condensed consolidated financial information 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 three-month period ended 31 March 2019 is 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.

**Al Madar Finance and Investment Company K.S.C. (Public)**  
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**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

**3. Subsidiaries**

The details of subsidiaries are as follows:

Name of the Company	Country of incorporation	Activity	Percentage of holding		
			31 March 2019	31 December 2018 (audited)	31 March 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.	State of Kuwait	Programming and operating computer, printing and distribution of software and computers	99%	99%	99%
Al Madar Real Estate Development Company K.S.C. (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%

During the period ended 31 March 2019, the Group has consolidated the interim condensed financial information of Fiduciary International for Programming and Printing Software Company W.L.L., Al Madar Real Estate Development Company K.S.C. (Closed) and Althuraya for Warehousing & Cold Storage K.S.C. (Closed) based on interim financial information prepared by the management as at 31 March 2019.

As at the reporting date, shares of the subsidiaries (Dar Al-Thuraya Real Estate Company K.S.C. (Public), Al Madar Real Estate Development Company K.S.C. (Closed) and Althuraya for Warehousing & Cold Storage K.S.C. (Closed) totaling 125,434,632 shares, 68,950,000 shares and 9,900,000 shares respectively are retained to some creditors.

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**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

**3. Subsidiaries (Continued)**

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

Name of the Company	Country of incorporation	Activity	Percentage of holding		
			31 March 2019	31 December 2018 (audited)	31 March 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)	State of Kuwait	Holding	99.88%	99.88%	99.88%
Golden Madar Real Estate Company W.L.L.	State of Kuwait	Real estate	98%	98%	98%

**4. Cash and bank balances**

	31 March 2019	31 December 2018 (audited)	31 March 2018
	KD	KD	KD
Bank balances	1,844,460	2,168,801	1,487,939
Cash on hand	147,443	98,044	47,494
	<u>1,991,903</u>	<u>2,266,845</u>	<u>1,535,433</u>

The annual average effective return rate on savings accounts was 0.75% as at 31 March 2019 (31 December 2018: 0.59% and 31 March 2018: 0.75%).

**5. Financial assets at fair value through profit or loss**

	31 March 2019	31 December 2018 (audited)	31 March 2018
	KD	KD	KD
Investment in quoted local shares portfolio	547,619	-	-
Investments in unquoted local shares	33,558	38,776	44,179
Investments in portfolio - local funds	41,147	41,147	41,147
Investments in portfolio - foreign funds	53,943	53,943	53,943
	<u>676,267</u>	<u>133,866</u>	<u>139,269</u>

Investments at fair value through profit or loss include certain shares retained for some creditors at an amount of KD 11,059 (31 December 2018: KD 13,776 and 31 March 2018: KD 18,178).

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

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**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

**6. Accounts receivable and other debit balances**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade receivables	1,783,252	1,783,252	4,075,269
Less: provision for expected credit loss	(1,749,649)	(1,749,649)	(3,934,457)
	<u>33,603</u>	<u>33,603</u>	<u>140,812</u>
Receivables from sale of financial and real estate investments and services*	1,152,369	1,639,929	730,199
Accrued rentals	21,629	13,682	230,068
Staff receivables	10,351	29,813	10,447
Prepaid expenses	746,353	140,860	307,910
Other receivables	<u>2,287,824</u>	<u>1,483,819</u>	<u>1,770,308</u>
	<u>4,252,129</u>	<u>3,341,706</u>	<u>3,189,744</u>

- Receivables from sale of financial and real estate investments and services item has been presented after deducting the expected credit loss provision of KD 780,916 as at 31 March 2019 (31 December 2018: KD 780,916 and 31 March 2018: KD 820,179).
- Accrued rentals item has been presented after deducting the expected credit loss provision of KD 776,404 as at 31 March 2019 representing provisions recorded in subsidiaries (31 December 2018: KD 776,404 and 31 March 2018: KD 617,258).
- Other receivables item has been presented after deducting the expected credit loss provision of KD 481,216 as at 31 March 2019 (31 December 2018: KD 516,843 and 31 March 2018: KD 283,256).

During the period ended 31 March 2019, one of the Group's subsidiary has written off trade receivables of KD 35,627 against the provision for expected credit loss.

\* Amount of KD 1,080,000 that represents the amounts due from transaction of the Group when it sold some of its investment properties during the period ended 31 March 2019 (Note 9). Subsequent to date of the interim condensed consolidated financial information, the amount was received in full.

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 31 March 2019 (31 December 2018: KD 33,603 and 31 March 2018: KD 474,491).

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

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Provision for expected credit losses	<u>3,788,185</u>	<u>3,823,812</u>	<u>5,655,150</u>

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

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**Notes to the interim condensed consolidated financial information (unaudited)**  
For the three month period ended 31 March 2019

**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 31 March 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.

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

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Interim condensed consolidated statement of financial position:</b>			
Investments at fair value through statement of profit or loss	547,619	-	460
Due from related parties	22,226	22,226	567,965
Receivables from sale of financial and real estate investments and services	-	1,600,000	-
Due to related parties	343,510	343,510	322,525
		<b>Three months ended 31 March</b>	
		<b>2019</b>	<b>2018</b>
		<b>KD</b>	<b>KD</b>
<b>Interim condensed consolidated statement of income:</b>			
Salaries and other short term benefits		15,527	44,428
End of service benefits		3,168	12,185
		18,695	56,613

**8. Financial assets at fair value through other comprehensive income**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment in quoted local shares	2,936	2,696	5,550
Investments in unquoted local shares	13,678	13,678	13,266
Investment in foreign unquoted shares	36,194	36,194	36,194
	52,808	52,568	55,010

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**8. Financial assets at fair value through other comprehensive income (Continued)**

Financial assets at fair value through other comprehensive income include certain shares retained for some creditors at an amount of KD 8,677 (31 December 2018: KD 8,677 and 31 March 2018: KD 8,264).

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 31 March 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.

**9. Investment properties**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Investment properties</b>			
Balance at beginning of the period/year/period	23,142,848	17,611,217	17,611,217
Disposals	(1,219,000)	(2,900,737)	(500,000)
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	-
Balance at end of the period/year/period	<u>21,923,848</u>	<u>23,142,848</u>	<u>17,111,217</u>
<b>Properties under development</b>			
Balance at beginning of the period/year/period	3,351,567	5,952,117	5,952,117
Additions	-	15,119	7,205
Disposals	(127,000)	(442,844)	(21,974)
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/period	<u>3,224,567</u>	<u>3,351,567</u>	<u>5,937,348</u>
Balance at end of the period/year/period	<u>25,148,415</u>	<u>26,494,415</u>	<u>23,048,565</u>

During the period ended 31 March 2019, the Group sold investment properties at carrying amount of KD 1,346,000 in an amount of KD 1,284,716 which resulted in loss of KD 61,284 recognized in the interim condensed consolidated statement of income.

The Group owns certain investment properties under Ijara contracts with a promise for purchase by a local bank (Note 12).



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**10. Investment in associates**

Name of the associate	Country of incorporation	Measurement method	Activity	Voting rights and equity interest %		
				31 March 2019	31 December 2018 (audited)	31 March 2018
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	The Arab Republic of Egypt	Equity method	Medical devices and equipment	30.26%	30.26%	30.26%
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	State of Kuwait	Equity method	General Trading and Contracting	-	-	40%

Name of the associate	31 March 2019 KD	31 December 2018 (audited) KD	31 March 2018 KD
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	252,273	253,425	238,465
Interpack Kuwait Limited for General Trading and Contracting Company W.L.L	-	-	822,292
	<u>252,273</u>	<u>253,425</u>	<u>1,060,757</u>

The Group's share in results of the associate is recorded based on the management accounts prepared by the management as at 31 March 2019 as the associate did not have available financial statements as at 31 March 2019.

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 10% and 31 March 2018: 10%) in a total amount of KD 13,277 (31 December 2018: KD 12,846 and 31 March 2018: KD 12,846) in accordance with the Company's board of directors' decision.

**11. Wakala payables**

	31 March 2019 KD	31 December 2018 (audited) KD	31 March 2018 KD
Wakala payables	<u>4,093,116</u>	<u>4,091,766</u>	<u>21,160,698</u>

The average effective cost rate on wakala was 6.3% as at 31 March 2019 (31 December 2018: 6.3% and 31 March 2018: 5.28%).

Wakala payables include past due wakala of KD 3,636,816 (31 December 2018: KD 3,636,816 and 31 March 2018: KD 3,636,816). The Parent Company was obliged to pay in accordance with a legal judgment against the Parent Company, and amicable settlement is currently in progress with the prevailing party.

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**12. Ijara payables**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Ijara payables	2,393,953	2,393,953	2,648,641
Future finance costs	(33,357)	(68,280)	(34,155)
	<u>2,360,596</u>	<u>2,325,673</u>	<u>2,614,486</u>

Ijara payables represent facilities contracts granted by a local bank in return for lease contracts concluded with the bank related to investment properties, with a promise for purchase as follows:

- Amount of KD 481,153 (31 December 2018: KD 481,153 and 31 March 2018: KD 533,341). Represents deferred rental value due at end of the contract period on 17 April 2019. The effective yield rate is 6.30% per annum (31 December 2018: 6.30% and 31 March 2018: 6.05%).
- Amount of KD 717,337 (31 December 2018: KD 717,337 and 31 March 2018: KD 793,275) represents deferred rental value due at end of the contract period on 3 June 2019. The effective yield rate is 6.29% per annum (31 December 2018: 6.29% and 31 March 2018: 5.79%).
- Amount of KD 1,195,463 (31 December 2018: KD 1,195,463 and 31 March 2018: KD 1,322,025) represents deferred rental value due at end of the contract period on 5 August 2019. The effective yield rate is 6.28% per annum (31 December 2018: 6.28% and 31 March 2018: 5.77%).

**13. Accounts payable and other credit balances**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Trade payables	9,543	46,549	531,681
Accrued expenses	201,183	400,058	539,902
Purchase of land and financial investments payables	3,960	-	235,015
National Labour Support Tax	291,352	291,352	-
Zakat	117,815	117,815	-
Other payables	1,877,336	1,827,683	1,462,289
	<u>2,501,189</u>	<u>2,683,457</u>	<u>2,768,887</u>

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**14. Treasury shares**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
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)	4,573,296	4,573,296	4,573,296
Market value (KD)	1,163,666	1,143,131	184,818

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 for the period attributable to the Parent Company's shareholders / (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.

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD</b>	<b>KD</b>
Net profit for the period attributable to the shareholders of the Parent Company (KD)	37,105	203,644
Number of issued shares (share)	213,868,650	213,868,650
Less: Weighted average number of treasury shares (shares)	(6,845,096)	(6,845,096)
Weighted average number of outstanding shares (share)	207,023,554	207,023,554
Basic and diluted earnings per share for the period attributable to the Parent Company's shareholders / (fils)	0.179	0.984

**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. At the interim condensed consolidated statement of financial position date, total fiduciary assets managed on behalf of clients amounted to KD Nil (31 December 2018: KD 4,072,000 and 31 March 2018: KD 4,124,530) including a portfolio managed on behalf of a related party of Nil as at 31 March 2019 (31 December 2018: KD 7,369 and 31 March 2018: KD Nil).

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**17. Segments 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:

	<b>Segment revenues</b>		<b>Profit / (loss) for the segment</b>	
	<b>Three months ended 31 March</b>		<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Investment properties	409,977	381,411	409,977	381,411
Financial investments	39,598	(24,225)	39,598	(24,225)
Corporate finance	-	58,321	(34,923)	22,314
Other	137,335	766,974	149,463	766,974
	<u>586,910</u>	<u>1,182,481</u>	<u>564,115</u>	<u>1,146,474</u>
General and administrative expenses			(503,303)	(938,141)
Provision for expected credit losses			-	(543)
Profit for the period			<u>60,812</u>	<u>207,790</u>

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**17. Segment information (Continued)**

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

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	KD	KD	KD
<b>Segment assets</b>			
Investment properties	25,148,415	26,494,415	23,048,565
Financial investments	981,348	439,859	1,255,036
Corporate finance	33,603	33,603	140,812
Other	7,030,388	6,417,891	12,522,197
	<u>33,193,754</u>	<u>33,385,768</u>	<u>36,966,610</u>
	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	KD	KD	KD
<b>Segment liabilities</b>			
Investment properties	-	-	235,015
Corporate finance	6,453,712	6,417,439	23,775,184
Other	3,441,230	3,735,244	4,105,188
	<u>9,894,942</u>	<u>10,152,683</u>	<u>28,115,387</u>

**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:

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	KD	KD	KD
<b>Financial assets</b>			
Bank balances and cash	1,991,903	2,266,845	1,535,433
Financial assets at fair value through profit or loss	676,267	133,866	139,269
Receivables and other debit balances (excluding prepaid expenses)	3,505,776	3,200,846	2,881,834
Due from related parties	22,226	22,226	567,965
Financial assets at fair value through other comprehensive income	52,808	52,568	55,010
	<u>6,248,980</u>	<u>5,676,351</u>	<u>5,179,511</u>

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**19. Financial instruments (Continued)**

**Categories of financial instruments (continued)**

	<b>31 March 2019</b>	<b>31 December 2018 (audited)</b>	<b>31 March 2018</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Financial liabilities</b>			
Wakala payables	4,093,116	4,091,766	21,160,698
Ijara payables	2,360,596	2,325,673	2,614,486
Accounts payable and other credit balances	2,501,189	2,683,457	2,768,887
Due to related parties	343,510	343,510	322,525
	<u>9,298,411</u>	<u>9,444,406</u>	<u>26,866,596</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 entity 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.

<b>31 March 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Financial assets:				
Financial assets at fair value through profit or loss	547,619	5,968	122,680	676,267
Financial assets at fair value through other comprehensive income	2,936	-	49,872	52,808
	<u>550,555</u>	<u>5,968</u>	<u>172,552</u>	<u>729,075</u>
<b>31 December 2018 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Financial assets:				
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>

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**19. Financial instruments (Continued)**

**Fair value of financial instruments (continued)**

<b>31 March 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Financial assets:				
Financial assets at fair value through profit or loss	-	35,737	103,532	139,269
Financial assets at fair value through other comprehensive income	5,550	8,266	41,194	55,010
	<u>5,550</u>	<u>44,003</u>	<u>144,726</u>	<u>194,279</u>

**20. Liquidity risk**

Liquidity risk is the risk that the Group will encounter the difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable. Further, the Group plans and manages its expected cash flows through maintaining cash reserves.

As at 31 March 2019, the current liabilities of the Group exceeded its current assets with an amount of KD 2,355,886 (31 December 2018: KD 3,679,763 and 31 March 2018: KD 21,434,185). Whereas the Group maintains adequate cash reserves and owns investment properties of KD 25,148,415 as at 31 March 2019 (31 December 2018: KD 26,494,415 and 31 March 2018: KD 23,048,565) which the Group intends to sell or utilize them in settlement of its debt with creditors related to wakala payables of KD 4,093,116 as at 31 March 2019 (31 December 2018: KD 4,091,766 and 31 March 2018: KD 21,160,698). Furthermore, the Group maintains guarantees of KD 33,603 as at 31 March 2019 (31 December 2018: KD 33,603 and 31 March 2018: KD 474,491) against receivables from customers. This indicates that the Group will be able to meet its short term commitments.