

**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 six month period ended 30 June 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 six month period ended 30 June 2019

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Board of Directors

**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 June 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 six month period ended 30 June 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 six month period ended 30 June 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: 1 August 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 June 2019

	Notes	30 June 2019 KD	31 December 2018 (audited) KD	30 June 2018 KD
Assets				
Cash and bank balances	4	3,935,890	2,266,845	725,594
Financial assets at fair value through profit or loss	5	138,916	133,866	139,269
Accounts receivable and other debit balances	6	7,765,721	3,341,706	2,158,604
Due from related parties	7	23,028	22,226	3,786
Financial assets at fair value through other comprehensive income	8	52,478	52,568	55,108
Investment properties	9	19,821,866	26,494,415	20,933,484
Investment in an associate	10	252,273	253,425	243,534
Property, plant and equipment		310,914	331,997	6,672,294
Intangible assets		464,973	488,720	643,688
Total assets		<u>32,766,059</u>	<u>33,385,768</u>	<u>31,575,361</u>
Liabilities and equity				
Liabilities				
Wakala payables	11	3,636,816	4,091,766	4,166,716
Ijara payables	12	2,358,445	2,325,673	2,451,339
Accounts payable and other credit balances	13	2,459,926	2,683,457	2,755,342
Due to related parties	7	343,510	343,510	326,393
Employees' end of service indemnity		529,761	708,277	1,271,014
Total liabilities		<u>9,328,458</u>	<u>10,152,683</u>	<u>10,970,804</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		872	962	1,638
Foreign currency translation reserve		(103,796)	(108,471)	(109,161)
Other reserve		(122,147)	(122,147)	(122,147)
Accumulated losses		(49,686)	(173,396)	(2,791,029)
Total equity attributable to shareholders of the Parent Company		<u>21,529,108</u>	<u>21,400,813</u>	<u>18,783,166</u>
Non-controlling interests		<u>1,908,493</u>	<u>1,832,272</u>	<u>1,821,391</u>
Total equity		<u>23,437,601</u>	<u>23,233,085</u>	<u>20,604,557</u>
Total liabilities & equity		<u>32,766,059</u>	<u>33,385,768</u>	<u>31,575,361</u>

The accompanying notes on pages 7 to 18 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 six month period ended 30 June 2019

	Note	Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
Revenues					
Rental income		416,806	336,817	888,067	835,735
Net sales profit		27,998	186,244	145,235	289,176
Investment services revenues / (expenses)		36,104	(3,121)	37,963	9,883
Murabaha revenues		-	178,744	-	237,065
Change in fair value of financial assets at fair value through profit or loss		(21,365)	-	5,050	(8,922)
Realized (loss) / gain on sale of financial assets at fair value through profit or loss		(2,183)	-	3,550	-
Cash dividends		20,288	-	20,288	569
Impairment of financial assets at fair value through other comprehensive income		-	-	-	(703)
Group's share of associates' business results		-	9,436	7,450	(5,733)
Realized gain on sale of investment in an associate		-	429,773	-	429,773
Gain on sale of investment properties		79,450	2,007,756	18,166	2,008,933
Reversed provision for expected credit losses		72,697	-	72,697	-
Reversed provision of finance transactions		-	1,462,666	-	1,852,974
Realized gain from settlement of wakala payables		114,020	8,497,026	114,020	8,497,026
Other income		4,778	141,612	35,145	283,658
Total revenues		<u>748,593</u>	<u>13,246,953</u>	<u>1,347,631</u>	<u>14,429,434</u>
Expenses and other charges					
General and administrative expenses		583,086	989,116	1,086,389	1,927,257
Provision for expected credit losses		-	37,953	-	38,496
Finance costs		26,388	35,761	61,311	71,768
Total expenses and other charges		<u>609,474</u>	<u>1,062,830</u>	<u>1,147,700</u>	<u>2,037,521</u>
Profit for the period before NLST and Zakat		<u>139,119</u>	<u>12,184,123</u>	<u>199,931</u>	<u>12,391,913</u>
National Labour Support Tax		-	(304,663)	-	(304,663)
Zakat		-	(121,865)	-	(121,865)
Net profit for the period		<u>139,119</u>	<u>11,757,595</u>	<u>199,931</u>	<u>11,965,385</u>
Attributable to:					
Shareholders of the Parent Company		86,605	11,729,309	123,710	11,932,953
Non-controlling interests		52,514	28,286	76,221	32,432
Profit for the period		<u>139,119</u>	<u>11,757,595</u>	<u>199,931</u>	<u>11,965,385</u>
Basic and diluted earnings per share for the period attributable to the Parent Company's shareholders / (fils)	15	<u>0.42</u>	<u>56.66</u>	<u>0.60</u>	<u>57.64</u>

The accompanying notes on pages 7 to 18 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 comprehensive income (unaudited)
For the six month period ended 30 June 2019

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	KD	KD	KD	KD
Profit for the period	139,119	11,757,595	199,931	11,965,385
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	(330)	98	(90)	522
Foreign currency translation reserve	-	(4,359)	4,675	(14,097)
Total other comprehensive (loss)/income	(330)	(4,261)	4,585	(13,575)
Total comprehensive income for the period	138,789	11,753,334	204,516	11,951,810
Attributable to:				
Shareholders of the Parent Company	86,275	11,725,048	128,295	11,919,378
Non-controlling interests	52,514	28,286	76,221	32,432
	138,789	11,753,334	204,516	11,951,810

The accompanying notes on pages 7 to 18 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 six month period ended 30 June 2019

	Share capital	Share premium	Treasury shares	Change of fair value reserve for financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Other reserve	Accumulated losses	Total equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
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	-	-	-	-	-	-	11,932,953	11,932,953	32,432	11,965,385
Comprehensive income / (loss) for the period	-	-	-	522	(14,097)	-	-	(13,575)	-	(13,575)
Total comprehensive income/(loss) for the period	-	-	-	522	(14,097)	-	11,932,953	11,919,378	32,432	11,951,810
Balance at 30 June 2018	21,386,865	4,990,296	(4,573,296)	1,638	(109,161)	(122,147)	(2,791,029)	18,783,166	1,821,391	20,604,557
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	-	-	-	-	-	-	123,710	123,710	76,221	199,931
Comprehensive (loss)/income for the period	-	-	-	(90)	4,675	-	-	4,585	-	4,585
Total comprehensive (loss)/income for the period	-	-	-	(90)	4,675	-	123,710	128,295	76,221	204,516
Balance at 30 June 2019	21,386,865	4,990,296	(4,573,296)	872	(103,796)	(122,147)	(49,686)	21,529,108	1,908,493	23,437,601

The accompanying notes on pages 7 to 18 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 six month period ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		KD	KD
Operating activities			
Net profit for the period		199,931	11,965,385
Adjustments:			
Depreciation and amortization		47,655	133,251
Finance costs		61,311	71,768
Change in fair value of financial assets at fair value through profit or loss		(5,050)	8,922
Realized gain on sale of financial assets at fair value through profit or loss	5	(3,550)	-
Gains on sale of investment properties	9	(18,166)	(2,008,933)
Impairment of financial assets at fair value through other comprehensive income		-	703
Gain on disposal of property, plant and equipment		-	(2,575)
Group's share of associates' business results		(7,450)	5,733
Reversed provision for expected credit losses		(72,697)	-
Provision for expected credit losses		-	38,496
Realized gain on sale of investment in an associate		-	(429,773)
Reversed provision of finance transactions		-	(1,852,974)
Realized gain from settlement of wakala payables		(114,020)	(8,497,026)
Employees' end of service indemnity		32,797	117,351
Operating profit / (loss) before changes in working capital items		120,761	(449,672)
Accounts receivable and other debit balances		924,682	426,891
Due from/to related parties - net		(802)	42,532
Accounts payable and other credit balances		(223,531)	(194,138)
Cash generated from / (used in) operations		821,110	(174,387)
Employees' end of service benefits paid		(211,313)	(56,359)
Net cash flows resulting from / (used in) operating activities		609,797	(230,746)
Investing activities			
Proceeds from sale of property, plant and equipment		-	3,065
Paid for the acquisition of property, plant and equipment		(2,825)	(3,611)
Proceeds from sale of financial assets at fair value through profit or loss	5	513,803	-
Paid for purchase of financial assets at fair value through profit or loss		(510,253)	-
Dividends from associate	10	13,277	12,846
Proceeds from sale of investment properties		1,414,715	523,151
Paid for purchase of investment properties		-	(14,368)
Net cash flows from investment activities		1,428,717	521,083
Financing activities			
Finance costs paid		(28,539)	(43,274)
Ijara payables		-	(83,866)
Net movement in wakala receivables		(340,930)	(398,162)
Net cash used in financing activities		(369,469)	(525,302)
Net increase / (decrease) in cash and bank balances		1,669,045	(234,965)
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	3,935,890	725,594

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

Non-cash transactions	Note	Six months ended 30 June	
		2019	2018
		KD	KD
Amounts due from sale of investment properties	6	5,276,000	-
Investment properties		-	2,122,243
Due from related parties		-	547,935
Accounts receivable and other debit balances		-	2,172,206
Investments in associates		-	1,370,227
Wakala payables		-	8,215,264

The accompanying notes on pages 7 to 18 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 six month period ended 30 June 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 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 Sole Proprietorship ("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 six month period ended 30 June 2019 were authorized for issue by the Parent Company's board of directors on 1 August 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.

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

Operating results for the six month period ended 30 June 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.

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 six month period ended 30 June 2019

2. Basis of preparation (continued)

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:

Name of the Company	Country of incorporation	Activity	Percentage of holding		
			30 June 2019	31 December 2018 (audited)	30 June 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 30 June 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 30 June 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.

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 six month period ended 30 June 2019

3. Subsidiaries (continued)

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:

Name of the Company	Country of incorporation	Activity	Percentage of holding		
			30 June 2019	31 December 2018 (audited)	30 June 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

	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Bank balances	3,755,286	2,168,801	674,948
Cash on hand	180,604	98,044	50,646
	<u>3,935,890</u>	<u>2,266,845</u>	<u>725,594</u>

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

5. Financial assets at fair value through profit or loss

	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Investment in unquoted local shares	43,826	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>138,916</u>	<u>133,866</u>	<u>139,269</u>

During the period ended 30 June 2019, the Group sold financial assets at fair value through profit or loss of KD 513,803 resulted in profit of KD 3,550 recognized in the interim condensed consolidated statement of income.

Investments at fair value through profit or loss include certain shares retained for some creditors at an amount of KD 16,327 (31 December 2018: KD 13,776 and 30 June 2018: KD 17,178).

Valuation techniques for investments at fair value through statement of 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 six month period ended 30 June 2019

6. Accounts receivable and other debit balances

	30 June 2019	31 December 2018	30 June 2018
	KD	(audited)	KD
Trade receivables	1,783,252	1,783,252	2,546,304
Less: provision for ECLs	(1,749,649)	(1,749,649)	(2,509,744)
	<u>33,603</u>	<u>33,603</u>	<u>36,560</u>
Receivables from sale of financial and real estate investments and services*	5,767,017	1,639,929	57,165
Accrued rentals	25,169	13,682	207,272
Staff receivables	11,848	29,813	11,012
Prepaid expenses	952,235	140,860	345,249
Other receivables	975,849	1,483,819	1,501,346
	<u>7,765,721</u>	<u>3,341,706</u>	<u>2,158,604</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 709,356 as at 30 June 2019 (31 December 2018: KD 780,916 and 30 June 2018: KD 703,368).
- Accrued rentals item has been presented after deducting the expected credit loss provision of KD 776,404 as at 30 June 2019 representing provisions recorded in subsidiaries (31 December 2018: KD 776,404 and 30 June 2018: KD 617,258).
- Other receivables item has been presented after deducting the expected credit loss provision of KD 480,079 as at 30 June 2019 (31 December 2018: KD 516,843 and 30 June 2018: KD 363,205).

During the period ended 30 June 2019, some of the Group's subsidiaries have written off trade receivables of KD 35,627 against the provision for expected credit loss.

* Amount of KD 5,276,000 represents the amounts due from transaction of the Group when it sold some of its investment properties during the period ended 30 June 2019 (Note 9). Subsequent to date of the interim condensed consolidated financial information, an amount of KD 2,350,000 was received.

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 June 2019 (31 December 2018: KD 33,603 and 30 June 2018: KD 36,307).

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

	30 June 2019	31 December 2018	30 June 2018
	KD	(audited)	KD
Provision for expected credit losses	<u>3,715,488</u>	<u>3,823,812</u>	<u>4,193,575</u>

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

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six month period ended 30 June 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 30 June 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:

	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Interim condensed consolidated statement of financial position:			
Due from related parties	23,028	22,226	3,786
Receivables from sale of financial and real estate investments and services	-	1,600,000	-
Due to related parties	343,510	343,510	326,393

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	KD	KD	KD	KD
Interim condensed consolidated statement of income:				
Salaries and other short term benefits	15,563	8,574	31,090	53,002
End of service benefits	3,240	2,136	6,408	14,321
	18,803	10,710	37,498	67,323

8. Financial assets at fair value through other comprehensive income

	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Investment in quoted local shares	2,607	2,696	5,648
Investment in unquoted local shares	13,679	13,678	13,266
Investment in unquoted foreign shares	36,192	36,194	36,194
	52,478	52,568	55,108

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 30 June 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 30 June 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.

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9. Investment properties

	30 June 2019	31 December	30 June 2018
	KD	2018 (audited)	KD
Investment properties			
Balance at beginning of the period/year/period	23,142,848	17,611,217	17,611,217
Disposals	(6,070,000)	(2,900,737)	(2,250,738)
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>17,072,848</u>	<u>23,142,848</u>	<u>15,360,479</u>
Properties under development			
Balance at beginning of the period/year/period	3,351,567	5,952,117	5,952,117
Additions	-	15,119	14,368
Disposals	(602,549)	(442,844)	(393,480)
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>2,749,018</u>	<u>3,351,567</u>	<u>5,573,005</u>
Balance at end of the period/year/period	<u>19,821,866</u>	<u>26,494,415</u>	<u>20,933,484</u>

During the period ended 30 June 2019, the Group sold investment properties at carrying amount of KD 6,672,549 in an amount of KD 6,690,715 resulted in loss of KD 18,166 recognized in the interim condensed consolidated statement of income.

Certain investment properties are guaranteed against Ijara payables (Note 12), which were sold during the period with a total amount of KD 4,240,000. Subsequent to date of the interim condensed consolidated financial information, the Group settled debt with one of the payable parties and transferred ownership to the buyer. Settlement of the due debt to another payable party is in process.

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 June 2019	31 December 2018 (audited)	30 June 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%

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10. Investment in an associate (continued)

<u>Name of the associate</u>	<u>30 June 2019</u> KD	<u>31 December</u> <u>2018 (audited)</u> KD	<u>30 June</u> <u>2018</u> KD
Egyptian Saudi Company for Medical Equipment MASCOMED (S.A.E)	<u>252,273</u>	<u>253,425</u>	<u>243,534</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 30 June 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 30 June 2018: 10%) in a total amount of KD 13,277 (31 December 2018: KD 12,846 and 30 June 2018: KD 12,846) in accordance with the Company's board of directors' decision.

11. Wakala payables

	<u>30 June 2019</u> KD	<u>31 December</u> <u>2018</u> <u>(audited)</u> KD	<u>30 June 2018</u> KD
Wakala payables	<u>3,636,816</u>	<u>4,091,766</u>	<u>4,166,716</u>

During the period ended 30 June 2019, the Company 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 gain of KD 114,020 recognized in the interim condensed consolidated statement of income under realized gain from settlement of wakala payables.

Wakala payables item represents past due wakala of KD 3,636,816 (31 December 2018: KD 3,636,816 and 30 June 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.

12. Ijara payables

	<u>30 June 2019</u> KD	<u>31 December</u> <u>2018 (audited)</u> KD	<u>30 June 2018</u> KD
Ijara payables	2,365,414	2,393,953	2,520,516
Future finance costs	(6,969)	(68,280)	(69,177)
	<u>2,358,445</u>	<u>2,325,673</u>	<u>2,451,339</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 452,709 (31 December 2018: KD 481,153 and 30 June 2018: KD 481,153). 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 30 June 2018: 6.30%). Subsequently, the debt was paid in full to the bank.
- Amount of KD 717,242 (31 December 2018: KD 717,337 and 30 June 2018: KD 717,338) represents deferred rental value dues at end of the contract period. The effective yield rate is 6.29% per annum (31 December 2018: 6.29% and 30 June 2018: 6.29%). During the period ended 30 June 2019, the property was sold to a third party. Settlement of indebtedness to the bank is in progress.

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12. Ijara payables (continued)

- Amount of KD 1,195,463 (31 December 2018: KD 1,195,463 and 30 June 2018: KD 1,322,025) represents deferred rental value dues 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 30 June 2018: 5.78%). During the period ended 30 June 2019, the property was sold to a third party. Subsequent to the date of the interim condensed consolidated financial information, the indebtedness was settled to the bank.

13. Accounts payable and other credit balances

	30 June 2019	31 December	30 June 2018
	KD	2018 (audited)	KD
Trade payables	52,392	46,549	465,839
Accrued expenses	200,066	400,058	583,986
Purchase of land and financial investments payables	2,550	-	67,742
National Labour Support Tax	272,440	291,352	-
Zakat	108,976	117,815	-
Other payables	1,823,502	1,827,683	1,637,775
	<u>2,459,926</u>	<u>2,683,457</u>	<u>2,755,342</u>

14. Treasury shares

	30 June 2019	31 December	30 June 2018
	KD	2018 (audited)	KD
Number of shares purchased (share)	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>878,910</u>	<u>1,143,131</u>	<u>552,399</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. Earnings per share attributable to Shareholders of the Parent Company (Basic and diluted) / (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.

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
Net profit for the period attributable to shareholders of the Parent Company	86,605	11,729,309	123,710	11,932,953
Weighted average number of outstanding shares:				
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)	(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
Earnings per share attributable to Shareholders of the Parent Company (Basic and diluted) / (fils)	0.42	56.66	0.60	57.64

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 4,920,000 (31 December 2018: KD 4,072,000, and 30 June 2018: KD 4,152,512) including a portfolio managed on behalf of a related party of KD 1,718,358 as at 30 June 2019 (31 December 2018: KD 7,369 and 30 June 2018: Nil).

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:

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17. Segment information (continued)

	Segment revenues		Segments profit	
	Six months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	KD	KD	KD	KD
Investment properties	906,233	2,725,984	906,233	2,725,984
Financial investments	36,338	414,984	36,338	414,984
Corporate finance	-	237,065	-	165,297
Other	405,060	11,051,401	343,749	11,051,401
	<u>1,347,631</u>	<u>14,429,434</u>	<u>1,286,320</u>	<u>14,357,666</u>
General and administrative expenses			(1,086,389)	(1,927,257)
Provision for expected credit losses			-	(38,496)
National Labour Support Tax			-	(304,663)
Zakat			-	(121,865)
Net profit for the period			<u>199,931</u>	<u>11,965,385</u>

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

Segment assets	30 June 2019	31 December 2018	30 June 2018
	KD	(audited)	KD
Investment properties	19,821,866	26,494,415	20,933,484
Financial investments	443,667	439,859	437,911
Corporate finance	23,028	33,603	36,560
Other	12,477,498	6,417,891	10,167,406
Total segment assets	<u>32,766,059</u>	<u>33,385,768</u>	<u>31,575,361</u>

Segment liabilities	30 June 2019	31 December 2018	30 June 2018
	KD	(audited)	KD
Investment properties	-	-	29,731
Corporate finance	5,995,261	6,417,439	6,618,055
Other	3,333,197	3,735,244	4,323,018
Total segment liabilities	<u>9,328,458</u>	<u>10,152,683</u>	<u>10,970,804</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.

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19. Financial instruments

Categories of financial instruments

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

Financial assets	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Cash and bank balances	3,935,890	2,266,845	725,594
Financial assets at fair value through profit or loss	138,916	133,866	139,269
Receivables and other debit balances (excluding prepaid expenses)	6,813,486	3,200,846	1,813,355
Due from related parties	23,028	22,226	3,786
Financial assets at fair value through other comprehensive income	52,478	52,568	55,108
	<u>10,963,798</u>	<u>5,676,351</u>	<u>2,737,112</u>
Financial liabilities	30 June 2019	31 December 2018 (audited)	30 June 2018
	KD	KD	KD
Wakala payables	3,636,816	4,091,766	4,166,716
Ijara payables	2,358,445	2,325,673	2,451,339
Accounts payable and other credit balances	2,459,926	2,683,457	2,755,342
Due to related parties	343,510	343,510	326,393
	<u>8,798,697</u>	<u>9,444,406</u>	<u>9,699,790</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.

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19. Financial instruments (continued)

Fair value of financial instruments (continued)

30 June 2019	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets:				
Financial assets at fair value through profit or loss	-	23,275	115,641	138,916
Financial assets at fair value through other comprehensive income	2,606	8,677	41,195	52,478
	<u>2,606</u>	<u>31,952</u>	<u>156,836</u>	<u>191,394</u>
31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
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>
30 June 2018	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
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	5,648	8,266	41,194	55,108
	<u>5,648</u>	<u>44,003</u>	<u>144,726</u>	<u>194,377</u>

20. Comparative figures

Certain comparative figures of the previous period have been re-classified to conform to current period presentation. Such reclassification did not affect previously reported profit, equity or opening balances for the preceding comparative period and accordingly a third interim condensed consolidated statement of financial position is not presented.