

Interim condensed consolidated financial information and review report
YIACO Medical Company – KPSC and Subsidiaries

Kuwait

30 September 2016 (Unaudited)

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Auditors & Consultants

Souq Al Kabeer Building, Block A, 9th Floor
P.O.Box 2986, Safat 13030, Kuwait
Tel: (965)2244 3900-9
Fax: (965) 2243 8451
E-mail: gt@kw.gt.com
www.granthornton.com.kw



**Building a better
working world**

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Ballak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

Report on review of interim condensed consolidated financial information

To the board of directors of
YIACO Medical Company - KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of YIACO Medical Company-KPSC (the "Parent Company") and its subsidiaries (together the "Group") as of 30 September 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three months and nine months period ended and the related interim condensed consolidated statement of changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim 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, "Interim Financial Reporting".

Report on Review of Other Legal and Regulatory Requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the nine-months period ended 30 September 2016 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Waleed A. Al-Osaimi
Licence No. 68-A
of EY (Al Aiban, Al Osaimi & Partners)

Interim condensed consolidated statement of profit or loss

	Note	Three months ended (Unaudited)		Nine months ended (Unaudited)	
		30 Sept. 2016 KD	30 Sept. 2015 KD	30 Sept. 2016 KD	30 Sept. 2015 KD
Revenue					
Sales		22,351,795	27,584,314	66,003,854	80,314,481
Cost of sales		(18,477,524)	(23,364,358)	(53,782,236)	(66,623,012)
Gross profit		3,874,271	4,219,956	12,221,618	13,691,469
Other operating income		32,931	9,014	73,318	90,135
Distribution costs		(1,496,089)	(1,192,748)	(4,563,522)	(4,068,068)
Administrative expenses		(2,843,782)	(2,779,225)	(9,985,137)	(8,768,688)
Allowance for bad and doubtful debts		-	(194,673)	-	(490,903)
(Loss)/profit from operating activities		(432,669)	62,324	(2,253,723)	453,945
Share of results of associate	5	361,672	376,351	1,139,379	1,085,240
Change in fair value of investments at fair value through statement of profit or loss/distribution income		6,860	3,920	6,860	300,405
Finance costs		(462,038)	(312,747)	(1,293,348)	(913,705)
(Loss)/profit for the period before income tax		(526,175)	129,848	(2,400,832)	925,885
Income tax reversal of/(charged for) overseas subsidiaries		2,050	7,942	2,228	(70,702)
(Loss)/profit before provision for directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		(524,125)	137,790	(2,398,604)	855,183
Provision for directors' remuneration		(12,250)	(12,250)	(36,750)	(36,750)
Provision for contribution to KFAS		-	(7,250)	-	(9,667)
Provision for NLST		-	(10,218)	-	(36,334)
Provision for Zakat		-	(323)	-	(3,681)
(Loss)/profit for the period		(536,375)	107,749	(2,435,354)	768,751
Attributable to:					
Equity holders of the Parent Company		(541,574)	112,435	(2,407,960)	751,920
Non-controlling interests		5,199	(4,686)	(27,394)	16,831
		(536,375)	107,749	(2,435,354)	768,751
Basic and diluted (loss)/earnings per share attributable to the equity holders of the Parent Company	4	(2.98) Fils	0.62 Fils	(13.24) Fils	4.13 Fils

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2016 KD	30 Sept. 2015 KD	30 Sept. 2016 KD	30 Sept. 2015 KD
(Loss)/profit for the period	(536,375)	107,749	(2,435,354)	768,751
Other comprehensive income:				
<i>Items that may be reclassified to interim condensed statement of profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	(758)	(43,923)	(225,113)	(135,454)
Total other comprehensive loss for the period	(758)	(43,923)	(225,113)	(135,454)
Total comprehensive (loss)/income for the period	(537,133)	63,826	(2,660,467)	633,297
Total comprehensive (loss)/income attributable to:				
Equity holders of the Parent Company	(542,106)	75,852	(2,601,450)	665,488
Non-controlling interests	4,973	(12,026)	(59,017)	(32,191)
	(537,133)	63,826	(2,660,467)	633,297

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		4,352,443	4,526,113	5,217,288
Intangible assets		976,587	474,903	2,952,122
Investment in associates	5	11,907,777	11,177,916	10,552,222
Investments at fair value through profit or loss		263,620	263,620	395,920
Available for sale investments		79,380	79,380	79,380
		17,579,807	16,521,932	19,196,932
Current assets				
Inventories		31,276,701	34,000,475	25,732,650
Accounts receivable and prepayments	6	45,160,217	53,090,521	51,637,103
Bank balances and cash		8,122,327	6,407,521	11,015,429
		84,559,245	93,498,517	88,385,182
Total assets		102,139,052	110,020,449	107,582,114
Equity and liabilities				
Equity				
Share capital		18,191,250	18,191,250	18,191,250
Statutory reserve		4,325,308	4,325,308	4,325,308
Voluntary reserve		1,258,354	1,258,354	1,258,354
General reserve		1,775,204	1,775,204	1,775,204
Foreign currency translation reserve		(359,454)	(165,964)	(151,843)
Retained earnings		1,178,879	3,586,839	11,389,618
Equity attributable to the owners of the Parent Company		26,369,541	28,970,991	36,787,891
Non-controlling interests		193,196	252,213	225,800
Total equity		26,562,737	29,223,204	37,013,691
Non-current liabilities				
Murabaha payables	7	14,142,900	2,720,240	2,934,530
Employees' end of service benefits		2,026,015	2,503,609	2,381,255
		16,168,915	5,223,849	5,315,785
Current liabilities				
Accounts payable and accruals		23,631,168	32,476,736	23,403,778
Murabaha payables	7	35,776,232	43,096,660	41,848,860
		59,407,400	75,573,396	65,252,638
Total liabilities		75,576,315	80,797,245	70,568,423
Total equity and liabilities		102,139,052	110,020,449	107,582,114

Prof. Yaqoub S. Y. Alrefaei
Chairman

Dr. Bader Alzaid Altraiji
Chief Executive Officer

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to owners of the Parent Company						Non- controlling interests	Total equity
	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Foreign currency translation reserve KD	Retained earnings KD		
Balance at 1 January 2016 (Audited)	18,191,250	4,325,308	1,258,354	1,775,204	(165,964)	3,586,839	28,970,991	29,223,204
Loss for the period	-	-	-	-	-	(2,407,960)	(2,407,960)	(2,435,354)
Other comprehensive loss for the period	-	-	-	-	(193,490)	-	(193,490)	(225,113)
Total comprehensive loss for the period	-	-	-	-	(193,490)	(2,407,960)	(2,601,450)	(2,660,467)
Balance at 30 September 2016 (Unaudited)	18,191,250	4,325,308	1,258,354	1,775,204	(359,454)	1,178,879	26,369,541	26,562,737
Balance as at 1 January 2015 (Audited)	18,191,250	4,325,308	1,258,354	1,775,204	(65,411)	10,637,698	36,122,403	36,380,394
Profit for the period	-	-	-	-	-	751,920	751,920	768,751
Other comprehensive loss for the period	-	-	-	-	(86,432)	-	(86,432)	(135,454)
Total comprehensive (loss)/income for the period	-	-	-	-	(86,432)	751,920	665,488	633,297
Balance at 30 September 2015 (Unaudited)	18,191,250	4,325,308	1,258,354	1,775,204	(151,843)	11,389,618	36,787,891	37,013,691

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Nine months ended 30 Sept. 2016 (Unaudited) KD	Nine months ended 30 Sept. 2015 (Unaudited) KD
OPERATING ACTIVITIES		
(Loss)/profit for the period	(2,435,354)	768,751
Adjustments for:		
Depreciation and amortisation	766,619	1,417,429
Provision for employees' end of service benefits	343,038	370,080
Gain on disposal of property, plant and equipment	-	(2,757)
Change in fair value of investments at fair value through profit or loss/distribution income	(6,860)	(300,405)
Finance costs	1,293,348	913,705
Provision for slow moving and expired items	1,543,474	173,083
Allowance for bad and doubtful debts	-	490,903
Share of results of associate	(1,139,379)	(1,085,240)
Income taxes (reversal)/charged on overseas subsidiaries	(2,228)	70,702
	362,658	2,816,251
Working capital changes :		
Inventories	1,180,300	5,206,194
Accounts receivable and prepayments	7,930,304	(3,660,895)
Accounts payable and accruals	(8,876,440)	(1,081,858)
Cash flows from operations	596,822	3,279,692
Employees' end of from service benefits paid	(820,632)	(419,055)
Income taxes reversal/(charged) on overseas subsidiaries paid	2,228	(70,702)
Net cash flows (used in)/from operating activities	(221,582)	2,789,935
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	95,309
Purchase of property, plant and equipment	(440,958)	(469,620)
Purchase of intangible assets	(690,000)	(155,000)
Proceeds from redemption of investment at fair value through profit or loss/distribution income	6,860	652,225
Dividends received from the associate	409,518	409,518
Net cash flows (used in)/from investing activities	(714,580)	532,432
FINANCING ACTIVITIES		
Finance cost paid	(1,257,774)	(960,072)
Net drawdown/(payment) of murabaha payables	4,102,232	(667,178)
Net cash flows from/(used in) financing activities	2,844,458	(1,627,250)
Increase in bank balances and cash	1,908,296	1,695,117
Net impact of foreign currency translation adjustments	(193,490)	(135,454)
Bank balances and cash at the beginning of the period	6,407,521	9,455,766
Bank balances and cash at the end of the period	8,122,327	11,015,429

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

The Group comprises of YIACO Medical Company – KPSC (the 'Parent Company') and its subsidiaries (collectively "the Group"). The Parent Company is a Kuwaiti public shareholding company and its shares are listed on the Kuwait Stock Exchange.

The Parent Company was incorporated on 15 January 1969 in Kuwait and is governed by the Islamic Sharee'a in its activities. The Group is engaged in the below activities which mainly operates in Kuwait and Egypt.

- Trading in medicines and medical equipment and taking part in the government and private tenders.
- Establishing and managing of medical centres and hospitals.
- Establishing and managing of medical dispensaries and laboratories.
- Providing home medical services.
- Assisting medical services for old people.
- Conduct of studies and researches related to the medical issues and provide medical consultations of the parent company or others.
- Contracting with doctors, nurses, pharmacists & technicians to work in the clinics, pharmacies & laboratories and with others in or out the country.
- Maintain works for the medical equipment and apparatus.
- Possession of real estates and the necessary means of transport to perform the Parent Company's objectives.
- Utilizing the surplus funds available in the Parent Company by investing it in financial and real estates portfolios managed by specialized bodies and companies. The Parent Company may perform the aforesaid business in the State of Kuwait and abroad by its self or by proxy.

Further, the Parent Company may have interest in or enter in any relevant entities that carry on works similar to its works or those that may assist the company to achieve its objects in Kuwait or abroad, and it may establish, participate in or purchase such bodies or having them affiliated thereto.

The address of the Parent Company's registered office is P.O. Box 435, Safat 13005, State of Kuwait.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 cancelled the Companies Law No. 25 of 2012 and its amendments. As stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016.

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2016 was authorized for issue in accordance with a resolution of the Board of Directors on 25 October 2016.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the Parent Company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

Operating results for the nine months period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2015.

The subsidiaries are consolidated and share of results of associates are recorded based on the management accounts for the period ended 30 September 2016.

3 Significant accounting policies

The interim condensed consolidated financial information have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual consolidated financial statements for the year ended 31 December 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted new accounting pronouncements which have become effective for the first time in 2016, none of which had any significant impact on the Group’s results or financial position. These are:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments	1 January 2016
IAS 1 Disclosure Initiative – Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

Notes to the interim condensed consolidated financial information (continued)

4 Basic and diluted (loss)/earnings per share attributable to the owners of the Parent Company

Basic and diluted (loss)earnings per share are calculated by dividing the (loss)/profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Nine months ended	
	30 Sept. 2016 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2016 (Unaudited)	30 Sept. 2015 (Unaudited)
(Loss)/profit for the period attributable to owners of the Parent Company (KD)	(541,574)	112,435	(2,407,960)	751,920
Weighted average number of shares outstanding during the period	181,912,500	181,912,500	181,912,500	181,912,500
Basic and diluted (loss)/earnings per share attributable to the equity holders of the Parent Company	(2.98) Fils	0.62 Fils	(13.24) Fils	4.13 Fils

5 Investment in associate

Movement in the carrying value of investment in associate is as follows:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Carrying value at the beginning of the period/year	11,177,916	9,876,500	9,876,500
Share of results	1,139,379	1,710,934	1,085,240
Dividend received	(409,518)	(409,518)	(409,518)
Carrying value at the end of the period/year	11,907,777	11,177,916	10,552,222

The Group has accounted for its investment and share of results in the associate based on management accounts as at and for the nine months period ended 30 September 2016.

6 Accounts receivable and prepayments

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Financial assets:			
Trade accounts receivable (net of impairment)	37,951,278	44,521,448	43,627,398
Post-dated cheques	1,845,699	2,069,088	1,947,475
Amounts due from associate	389,122	250,342	262,346
Other receivables	543,618	1,272,221	457,171
Reimbursable expenses (net of impairment)	3,430,542	3,659,033	4,465,312
Staff receivables	142,676	65,081	72,520
	44,302,935	51,837,213	50,832,222
Prepayments and other non financial assets:			
Advances to suppliers	84,970	613,614	263,859
Prepaid expenses	772,312	639,694	541,022
	857,282	1,253,308	804,881
	45,160,217	53,090,521	51,637,103

As at 30 September 2016, trade receivables at nominal value of KD5,216,196 (31 December 2015: KD5,150,240 and 30 September 2015: KD5,745,861) were partially impaired.

Notes to the interim condensed consolidated financial information (continued)

7 Murabaha payables

Murabaha payables represent commodities purchased on a deferred settlement basis from local Islamic banks which carries effective profit payable rates ranging from 3.25% to 4.25% (31 December 2015: 2.85% to 3.25% and 30 September 2015: 2.85% to 3.25%) per annum. The murabahas are payable on different dates ending 31 August 2021 and are secured over certain property, plant and equipment with net book value of KD820,432 (31 December 2015: KD830,430 and 30 September 2015: KD Nil) and against an investment in an associate with carrying value of KD11,907,777 (31 December 2015: KD11,177,916 and 30 September 2015: KD10,552,222). Amounts payable within the next twelve months are shown as current liabilities in the interim condensed consolidated statement of financial position.

8 Contingent assets and liabilities

The Parent Company has submitted certain claims of KD29,067,639 (31 December 2015: KD28,265,853 and 30 September 2015: KD26,555,287) related to additional services provided to one of the contracts with the Ministry of Health. However, these claims are still under investigation by the Ministry of Health in order to approve. The contract has been ended during year ended 31 December 2015.

At 30 September 2016 the Group had contingent liabilities in respect of letters of guarantees arising in the ordinary course of business amounting to KD23,917,354 (31 December 2015: KD20,540,353 and 30 September 2015: KD21,213,894).

9 Related party transactions and balances

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Included in the interim condensed consolidated statement of financial position:			
Amounts due from associate (included in accounts receivable and prepayments)	389,122	250,342	262,346

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2016 KD	30 Sept. 2015 KD	30 Sept. 2016 KD	30 Sept. 2015 KD
Transactions included in the interim condensed consolidated statement of profit or loss:				
Sales to associate	199,708	307,003	883,267	997,259
Compensation of key management				
Provision for directors' remuneration	12,250	12,250	36,750	36,750
Salaries and short term benefits	48,652	58,485	232,604	209,369
Employees' end of service benefits	3,388	6,848	10,081	14,413
	64,290	77,583	279,435	260,532

Notes to the interim condensed consolidated financial information (continued)

10 Segmental information

The Group's primary basis of segment reporting is by business segments, which consist of medical and related activities and investments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income), income taxes and other taxes are managed on a group basis and are not allocated to operating segments.

	Medical and related activities KD	Investments KD	Total KD
Three months ended 30 September 2016 (Unaudited)			
Segment revenue	22,351,795	-	22,351,795
Segment results	(432,669)	368,532	(64,137)
Unallocated expenses			(472,238)
Loss for the period			(536,375)
Other segment information:			
Share of results of an associate	-	361,672	361,672
Depreciation and amortisation	275,113	-	275,113
Finance costs (included in unallocated expenses)	-	-	462,038
Nine months ended 30 September 2016 (Unaudited)			
Segment revenue	66,003,854	-	66,003,854
Segment results	(2,253,723)	1,146,239	(1,107,484)
Unallocated expenses			(1,327,870)
Loss for the period			(2,435,354)
Segment assets	89,888,275	12,250,777	102,139,052
Less: Segment liabilities	(25,657,183)	-	(25,657,183)
	64,231,092	12,250,777	76,481,869
Less: Murabaha payables	-	-	(49,919,132)
Total equity			26,562,737
Other segment information:			
Share of results of an associate		1,139,379	1,139,379
Depreciation and amortisation	766,619	-	766,619
Finance costs (included in unallocated expenses)	-	-	1,293,348
Three months ended 30 September 2015 (Unaudited)			
Segment revenue	27,584,314	-	27,584,314
Segment results	62,324	380,271	442,595
Unallocated expenses			(334,846)
Profit for the period			107,749
Other segment information:			
Share of results of an associate	-	376,351	376,351
Depreciation and amortisation	925,923	-	925,923
Finance costs (included in unallocated expenses)	-	-	312,747

Notes to the interim condensed consolidated financial information (continued)

10 Segmental information (continued)

	Medical and related activities KD	Investments KD	Total KD
Nine months ended 30 September 2015 (Unaudited)			
Segment revenue	80,314,481	-	80,314,481
Segment results	453,945	1,385,645	1,839,590
Unallocated expenses			(1,070,839)
Profit for the period			768,751
Segment assets	96,554,592	11,027,522	107,582,114
Less: Segment liabilities	(25,785,033)	-	(25,785,033)
	70,769,559	11,027,522	81,797,081
Less: Murabaha payables	-	-	(44,783,390)
Total equity			37,013,691
Other segment information:			
Share of results of an associate	-	1,085,240	1,085,240
Depreciation and amortisation	1,417,429	-	1,417,429
Finance costs (included in unallocated expenses)	-	-	913,705

11 Summary of financial assets and liabilities by category and fair value measurement

11.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statements of financial position may also be categorized as follows:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Financial assets:			
Loans and receivables (at amortised cost):			
• Accounts receivable (Note 6)	44,302,935	51,837,213	50,832,222
• Bank balances and cash	8,122,327	6,407,521	11,015,429
	52,425,262	58,244,734	61,847,651
Assets at fair value through profit or loss:			
• Investments at fair value through profit or loss			
- Designated on initial recognition	263,620	263,620	395,920
	263,620	263,620	395,920
Available for sale investments			
- At cost	79,380	79,380	79,380
	79,380	79,380	79,380
Total financial assets	52,768,262	58,587,734	62,322,951
Financial liabilities:			
At amortised cost			
• Accounts payable & accruals (excluding advances from customers)	23,561,205	32,347,827	23,286,610
• Murabaha payables	49,919,132	45,816,900	44,783,390
Total financial liabilities	73,480,337	78,164,727	68,070,000

Notes to the interim condensed consolidated financial information (continued)

11 Summary of financial assets and liabilities by category and fair value measurement (continued)

11.2 Fair value measurement

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. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities are considered a reasonable approximation of their fair values. The measurement details of investments at fair value through profit or loss which are carried at fair value are disclosed below.

11.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2016 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Assets at fair value				
Investments at fair value through profit or loss				
- Local unquoted fund- designated	-	-	263,620	263,620

31 December 2015 (Audited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Assets at fair value				
Investments at fair value through profit or loss				
- Local unquoted fund- designated	-	-	263,620	263,620

30 September 2015 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Assets at fair value				
Investments at fair value through profit or loss				
- Local unquoted fund- designated	-	-	395,920	395,920

There have been no transfers between levels during the reporting period.

Notes to the interim condensed consolidated financial information (continued)

11 Summary of financial assets and liabilities by category and fair value measurement (continued)

11.3 Fair value hierarchy (continued)

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value, which are unchanged compared to the previous reporting year/period, are as follows:

Level 3 Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Balance at the beginning of the period/ year	263,620	747,740	747,740
Net change in fair value recognised in profit or loss	6,860	197,505	300,405
Amount received upon partial redemption of investment	(6,860)	(681,625)	(652,225)
Balance at the end of the period/ year	263,620	263,620	395,920

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

12 Annual general assembly, dividends and board of directors' remuneration

The annual General Assembly of the Parent Company's shareholders held on 16 June 2016 approved the consolidated financial statements for the year ended 31 December 2015 and board of directors proposal not to distribute any dividend for the year then ended.

The annual General Assembly of the Parent Company's shareholders held on 12 May 2015 approved the consolidated financial statements for the year ended 31 December 2014 and board of directors proposed not to distribute any dividend for the year then ended.