

**WARBA BANK K.S.C.P.**

**INTERIM CONDENSED FINANCIAL  
INFORMATION**

**30 SEPTEMBER 2016 (UNAUDITED)**



Building a better  
working world

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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WARBA BANK K.S.C.P.**

*Introduction*

We have reviewed the accompanying interim condensed statement of financial position of Warba Bank K.S.C.P. (the "Bank") as at 30 September 2016, and the related interim condensed statement of income, interim condensed statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed financial information in accordance with the basis of presentation set out in note 2. Our responsibility is to express a conclusion on this interim condensed 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 financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.

**Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No 1 of 2016, the Executive Regulations, or of the Bank's Memorandum of Incorporation and Articles of Associations during the nine month period ended 30 September 2016 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the nine months period ended 30 September 2016 that might have had a material effect on the business of the Bank or on its financial position.

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**WALEED A. AL OSAIMI**  
LICENSE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

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**SAFI A. AL-MUTAWA**  
LICENSE NO. 138A  
KPMG Safi Al-Mutawa & Partners  
MEMBER FIRM OF KPMG INTERNATIONAL


10 October 2016  
Kuwait

Warba Bank K.S.C.P.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2016

		(Audited)	
	30 September 2016	31 December 2015	30 September 2015
Note	KD'000	KD'000	KD'000
<b>ASSETS</b>			
Cash and balances with banks	3	6,130	3,845
Placements with banks		161,439	133,355
Financing receivables		754,859	543,794
Available-for-sale investments		83,119	68,661
Investment properties		14,969	15,127
Other assets		6,590	4,949
Property and equipment		5,676	6,376
<b>TOTAL ASSETS</b>		<b>1,032,782</b>	<b>776,107</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks and other financial institutions		218,548	244,333
Depositors' accounts		713,455	433,465
Other liabilities		7,090	6,029
<b>TOTAL LIABILITIES</b>		<b>939,093</b>	<b>683,827</b>
<b>EQUITY</b>			
Share capital		100,000	100,000
Accumulated losses		(6,496)	(7,373)
Fair value reserve		185	(347)
<b>TOTAL EQUITY</b>		<b>93,689</b>	<b>92,778</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,032,782</b>	<b>776,107</b>

  
Abdülwahab A. Al Houti  
Chairman

  
Shaheen H. Al Ghanem  
Chief Executive Officer

Warba Bank K.S.C.P.

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2016

	<i>Note</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2016 KD'000</i>	<i>2015 KD'000</i>	<i>2016 KD'000</i>	<i>2015 KD'000</i>
Placements and financing income		8,089	5,218	21,925	14,343
Finance costs and distribution to depositors		(3,859)	(2,142)	(10,461)	(5,730)
<b>Net financing income</b>		<b>4,230</b>	<b>3,076</b>	<b>11,464</b>	<b>8,613</b>
Net investment income		1,048	674	2,785	2,513
Net fees and commission		186	1,811	988	2,007
Other income		47	41	152	115
Foreign exchange gain		121	99	352	35
<b>Operating income</b>		<b>5,632</b>	<b>5,701</b>	<b>15,741</b>	<b>13,283</b>
Staff costs		(2,603)	(2,268)	(7,463)	(6,473)
General and administrative expenses		(1,041)	(837)	(2,854)	(2,313)
Depreciation		(369)	(412)	(1,192)	(1,183)
<b>Operating expenses</b>		<b>(4,013)</b>	<b>(3,517)</b>	<b>(11,509)</b>	<b>(9,969)</b>
<b>Operating profit before provision for impairment</b>		<b>1,619</b>	<b>2,184</b>	<b>4,232</b>	<b>3,314</b>
Provision for impairment		(1,178)	(1,213)	(3,334)	(2,011)
<b>Profit before deductions</b>		<b>441</b>	<b>971</b>	<b>898</b>	<b>1,303</b>
National Labor Support Tax (NLST)		(14)	(25)	(15)	(37)
Zakat		(5)	(10)	(6)	(15)
<b>Net profit for the period</b>		<b>422</b>	<b>936</b>	<b>877</b>	<b>1,251</b>
<b>Basic and diluted earnings per share</b>	4	<b>0.42 fils</b>	0.94 fils	<b>0.88 fils</b>	1.25 fils

The accompanying notes 1 to 8 form an integral part of this interim condensed financial information.

Warba Bank K.S.C.P.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the period ended 30 September 2016

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<b>2016</b> <b>KD'000</b>	<b>2015</b> <b>KD'000</b>	<b>2016</b> <b>KD'000</b>	<b>2015</b> <b>KD'000</b>
<b>Net profit for the period</b>	<b>422</b>	<b>936</b>	<b>877</b>	<b>1,251</b>
<b>Other comprehensive income:</b> <i>Items that are or may be reclassified</i> <i>subsequently to interim condensed statement</i> <i>of income</i>				
Change in fair value of available-for-sale investments	<b>172</b>	<b>(348)</b>	<b>557</b>	<b>(214)</b>
Gain realized on sale of available-for- sale investments transferred to interim condensed statement of income	<b>(1)</b>	<b>(1)</b>	<b>(25)</b>	<b>(124)</b>
<b>Other comprehensive income / (loss) for the period</b>	<b>171</b>	<b>(349)</b>	<b>532</b>	<b>(338)</b>
<b>Total comprehensive income for the period</b>	<b>593</b>	<b>587</b>	<b>1,409</b>	<b>913</b>

The accompanying notes 1 to 8 form an integral part of this interim condensed financial information.

Warba Bank K.S.C.P.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2016

	<i>Share capital KD'000</i>	<i>Accumulated losses KD'000</i>	<i>Fair value reserve KD'000</i>	<i>Total equity KD'000</i>
Balance at 1 January 2016 (audited)	100,000	(7,373)	(347)	92,280
Net profit for the period	-	877	-	877
Other comprehensive income	-	-	532	532
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	877	532	1,409
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2016</b>	<b>100,000</b>	<b>(6,496)</b>	<b>185</b>	<b>93,689</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<i>Share capital KD'000</i>	<i>Accumulated losses KD'000</i>	<i>Fair value reserve KD'000</i>	<i>Total equity KD'000</i>
Balance at 1 January 2015 (audited)	100,000	(8,373)	238	91,865
Net profit for the period	-	1,251	-	1,251
Other comprehensive income	-	-	(338)	(338)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	1,251	(338)	913
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2015	100,000	(7,122)	(100)	92,778
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 8 form an integral part of this interim condensed financial information.

Warba Bank K.S.C.P.

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2016

	Note	Nine months ended 30 September	
		2016 KD'000	2015 KD'000
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		877	1,251
Adjustments for:			
Realised gain on available-for-sale investments		(25)	(124)
Dividend income		(890)	(33)
Sukuk income		(1,347)	(1,103)
Net rental income from investment properties		(523)	(520)
Other investment income		-	(671)
Provision for end of service benefits		224	168
Depreciation		1,192	1,183
Provision for impairment		3,334	2,011
		<u>2,842</u>	<u>2,162</u>
<i>Changes in operating assets and liabilities:</i>			
Placements with banks		(44,192)	(9,041)
Financing receivables		(214,296)	(106,177)
Other assets		(1,618)	(4,704)
Due to banks and other financial institutions		(25,785)	(19,792)
Depositors' accounts		279,990	105,914
Other liabilities		1,088	(246)
Net cash used in operating activities		<u>(1,971)</u>	<u>(31,884)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of available-for-sale investments		(26,927)	(26,218)
Proceed from sale and redemption of available-for-sale investments		12,491	14,611
Purchase of property and equipment		(492)	(1,137)
Dividend income received		890	33
Sukuk income received		1,450	1,353
Rental income received		736	708
Net cash used in investing activities		<u>(11,852)</u>	<u>(10,650)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,823)</b>	<b>(42,534)</b>
Cash and cash equivalents at 1 January		127,636	81,355
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	3	<u><b>113,813</b></u>	<u><b>38,821</b></u>

The accompanying notes 1 to 8 form an integral part of this interim condensed financial information.

## 1 CORPORATE INFORMATION

Warba Bank K.S.C.P. (the "Bank") is a Kuwaiti public shareholding company, incorporated on 17 February 2010 in the State of Kuwait by Amiri Decree No. 289/2009, listed on the Kuwait Stock Exchange and is registered as an Islamic banking institution in accordance with the rules and regulations of the Central Bank of Kuwait (the "CBK") on 7 April 2010. The Bank's registered office is at Sanabil Tower, 26<sup>th</sup> – 28<sup>th</sup> floor, Abdullah Al Ahmed Street, P.O. Box 1220, Safat 13013, State of Kuwait.

The Bank is primarily involved in investment, corporate and retail banking in the State of Kuwait in accordance with the principles of Sharia'h, as approved by the Bank's Sharia'h Supervisory Board.

The Annual General Meeting ("AGM") of the shareholders of the Bank to approve the financial statements for the year ended 31 December 2015 was held on 30 March 2016. No cash dividend or bonus shares for the year ended 31 December 2015 (31 December 2014: nil) were proposed by the Directors and approved by the shareholders at the AGM.

This interim condensed financial information has been approved for issue by the Board of Directors on 10 October 2016.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No. 5, the new Law will be effective retrospectively from 26 of November 2012. The Minister of Commerce has issued the Executive Regulations of Law No 1 of 2016 (by Ministerial Resolution No 287 of 2016 issued on 12 July 2016) and cancelled the current Executive regulations of Company Law No 25 of 2012. The new Executive Regulations are effective from 17 July 2016, date of published in Kuwait Gazette. As per Article No 21 of the new Executive Regulations, all companies have a grace period of 6 months from the date of publication of the Executive Regulation to comply with the new regulations.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The interim condensed financial information of the Bank has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* except as noted below.

The annual financial statements for the year ended 31 December 2015 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement* requirement for collective provision, which has been replaced by the CBK's requirement for a minimum general provision.

The interim condensed financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank's annual financial statements as at 31 December 2015.

### New standards and amendments adopted by the Bank

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Bank which are effective for annual reporting period starting from 1 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Bank.

### Standards issued but not yet effective

Standards issued but not yet effective during the period ended 30 September 2016 are listed below:

#### *IFRS 16 – Leases*

In January 2016, the IASB issued IFRS 16, *Leases*. The new standard requires lessees to recognise assets and liabilities for most leases on-balance sheet. Lessees applying IFRS 16 will have a single accounting model, with certain exemptions. Lessors applying IFRS 16 will classify leases using the same principle as in IAS 17 and lessor accounting is substantially unchanged.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16.

The Bank intends to adopt this standard when it becomes effective. However, the Bank expects no material impact from the adoption on its financial position or performance.

# Warba Bank K.S.C.P.

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2016

### 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed statement of cash flows consist of the following:

	<i>30 September</i> <i>2016</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD'000</i>	<i>30 September</i> <i>2015</i> <i>KD'000</i>
Cash	2,027	1,005	1,431
Current account with CBK	287	219	124
Current account with commercial banks	3,816	2,621	2,091
	<u>6,130</u>	<u>3,845</u>	<u>3,646</u>
Cash and balances with banks	6,130	3,845	3,646
Placements with CBK whose original maturity is within 3 months	42,048	48,038	25,015
Placements with banks whose original maturity is within 3 months	65,635	75,753	10,160
	<u>113,813</u>	<u>127,636</u>	<u>38,821</u>

Placements with banks represent placements placed with highly reputed and good credit rating banks in accordance with Wakala and Murabaha agreements.

### 4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Net profit for the period (KD'000)	422	936	877	1,251
Weighted average number of shares outstanding (shares'000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share (fils)	0.42 fils	0.94 fils	0.88 fils	1.25 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

### 5 TRANSACTIONS WITH RELATED PARTIES

These are transactions with certain related parties (major shareholders, directors and executive officers of the Bank, close members of their families and companies in which they are principal owners or over which they are able to exercise significant influence) who were customers of the Bank in the ordinary course of business. Such transactions were made on substantially the same terms including profit and collateral as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
(UNAUDITED)

As at 30 September 2016

**5 TRANSACTIONS WITH RELATED PARTIES (continued)**

Balances recorded in the interim condensed statement of financial position are as follows:

	<i>Major shareholders</i>	<i>Board members and executive officials</i>	<i>Other related parties</i>	<i>Total 30 September 2016</i>	<i>(Audited)</i>	
					<i>Total 31 December 2015</i>	<i>Total 30 September 2015</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Finance facilities	-	108	9	117	134	57
Credit cards	-	47	2	49	5	8
Depositors' accounts	330,470	296	138	330,904	191,760	182,813

	<i>No. of major shareholders</i>	<i>No. of Board members and executive officials</i>	<i>No. of other related parties</i>
Finance facilities	-	4	2
Credit cards	-	14	3
Depositors' accounts	2	16	12

Transactions with related parties recorded in the interim condensed statement of income are as follows:

	<i>Major shareholders</i>	<i>Board members and executive officials</i>	<i>Other related parties</i>	<i>Nine months ended</i>	
				<i>Total 30 September 2016</i>	<i>Total 30 September 2015</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	
Placements and financing income	-	2	-	2	2
Finance costs and distributions to depositors	3,530	-	-	3,530	1,921

**Compensation to key management personnel:**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Salaries and other short-term benefits	303	383	932	1,130
Post-employment benefits	26	31	74	83
	<u>329</u>	<u>414</u>	<u>1,006</u>	<u>1,213</u>

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2016

## 6 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September</i> <i>2016</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2015</i> <i>KD'000</i>	<i>30 September</i> <i>2015</i> <i>KD'000</i>
Acceptances and letters of credit	10,655	11,040	6,399
Letter of guarantees	36,982	23,827	20,590
Contingent liabilities	<u>47,637</u>	<u>34,867</u>	<u>26,989</u>
Capital commitments	<u>193</u>	<u>575</u>	<u>162</u>

## 7 SEGMENT REPORTING

The Bank's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operating segments meet the criteria for reportable segments and are as follows:

- **Corporate** - comprising of range of banking services and investment products to corporate customers, in addition to providing commodity and real estate murabaha finance and Ijarah facilities;
- **Retail** - comprising of a diversified range of products and services to individual customers. The range includes consumer finance, credit cards, deposits and other branch related services.
- **Treasury** – comprising of the Bank's funding operations management, local and international Murabaha and other Islamic financing primarily with banks & financial institutions.
- **Investment** - comprising of investment in direct equity, real estate investment and other investments.
- **Other** – comprising of cost center assets and expenses.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents operating income, results for the period and total assets information regarding the Bank's reportable segments.

	<i>Corporate</i> <i>KD'000</i>	<i>Retail</i> <i>KD'000</i>	<i>Treasury</i> <i>KD'000</i>	<i>Investment</i> <i>KD'000</i>	<i>Other</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
<i>30 September 2016</i>						
Segment operating income	9,393	3,244	671	2,433	-	15,741
Segment result	<u>6,101</u>	<u>(1,397)</u>	<u>541</u>	<u>2,209</u>	<u>(6,577)</u>	<u>877</u>
Segment assets	<u>598,373</u>	<u>156,486</u>	<u>161,439</u>	<u>98,088</u>	<u>18,396</u>	<u>1,032,782</u>
<i>30 September 2015</i>						
Segment operating income	6,606	2,423	425	3,829	-	13,283
Segment result	<u>4,535</u>	<u>(1,248)</u>	<u>324</u>	<u>3,638</u>	<u>(5,998)</u>	<u>1,251</u>
Segment assets	<u>384,841</u>	<u>107,545</u>	<u>91,549</u>	<u>80,823</u>	<u>18,002</u>	<u>682,760</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
(UNAUDITED)

As at 30 September 2016

**8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is 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. Financial instruments comprise financial assets and financial liabilities.

**Fair value hierarchy**

The Bank uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in an active market for identical assets and liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

		<i>Fair value measurement</i>			
		<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
<i>30 September 2016</i>	<i>Date of valuation</i>	<i>KD'000</i>	<i>in active</i>	<i>observable</i>	<i>unobservable</i>
			<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
			<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Assets measured at fair value</i>					
<i>Available-for-sale investments</i>					
<i>Sukuk</i>					
-	Government Sukuk	62,382	62,382	-	-
-	Government Sukuk	30,847	30,847	-	-
-	Corporate Sukuk	31,535	31,535	-	-
	Quoted equity security	806	806	-	-

		<i>Fair value measurement</i>			
		<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
<i>31 December 2015 (Audited)</i>	<i>Date of valuation</i>	<i>KD'000</i>	<i>in active</i>	<i>observable</i>	<i>unobservable</i>
			<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
			<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Assets measured at fair value</i>					
<i>Available-for-sale investments</i>					
<i>Sukuk</i>					
-	Government Sukuk	51,283	51,283	-	-
-	Government Sukuk	31,387	31,387	-	-
-	Corporate Sukuk	19,896	19,896	-	-
	Quoted equity security	896	896	-	-

## NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

(UNAUDITED)

As at 30 September 2016

**8 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

30 September 2015	Date of valuation	Total KD'000	Fair value measurement			
			Quoted prices in active markets (Level 1) KD'000	Significant observable inputs (Level 2) KD'000	Significant unobservable inputs (Level 3) KD'000	
<i>Assets measured at fair value</i>						
Available-for-sale investments						
Sukuk						
-	Government Sukuk	30 September 2015	51,465	51,465	-	-
-	Corporate Sukuk	30 September 2015	31,564	31,564	-	-
-	Corporate Sukuk	30 September 2015	19,901	19,901	-	-
-	Quoted equity security	30 September 2015	811	811	-	-

No transfers have been made between levels of hierarchy.

Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating a range of input assumptions that are appropriate in the circumstances. Carrying value of financial assets and liabilities that are carried at amortised cost are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in profit rates.