

MUBARRAD HOLDING COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2018
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

MUBARRAD HOLDING COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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FOR THE PERIOD ENDED MARCH 31, 2018
(UNAUDITED)
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Report on Review of interim condensed consolidated financial information

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of
Mubarrad Holding Company - K.S.C.P. and its subsidiaries
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mubarrad Holding Company - K.S.C.P. (the "Parent Company") and its subsidiaries (Collectively the "Group") as of March 31, 2018, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, statement of changes in equity, and cash flows for the three months period then ended. Management of the Parent Company 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 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 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 as amended, its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended March 31, 2018 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
May 15, 2018


Nayef M. Al-Bazie
License No. 91-A
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MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

			December 31, 2017 (Audited)	March 31, 2017
<u>ASSETS</u>	<u>Notes</u>	<u>March 31, 2018</u>		
Current assets:				
Cash and cash equivalents	4	4,453,299	2,140,122	2,137,446
Investment deposits	5	1,750,000	4,000,000	4,200,000
Accounts receivable and other debit balances		2,186,999	2,209,214	960,562
Due from related parties	6	-	-	350,265
Inventories		666,311	763,004	730,185
Total current assets		9,056,609	9,112,340	8,378,458
Non-current assets:				
Financial assets available for sale	7	-	1,002,100	2,526,306
Financial assets at fair value through profit or loss	8	1,065,921	-	-
Investment in an associate		3,815,271	3,815,271	3,672,383
Investment properties		8,364,423	8,349,003	8,834,825
Property, plant and equipment		1,555,111	1,568,270	1,610,450
Goodwill		91,005	91,005	91,005
Total non-current assets		14,891,731	14,825,649	16,734,969
Total assets		23,948,340	23,937,989	25,113,427
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Finance lease payables	9	1,868,450	1,830,090	1,984,492
Accounts payable and other credit balances		873,036	1,097,452	1,322,059
Due to a related party	6	655	700	-
Total current liabilities		2,742,141	2,928,242	3,306,551
Non-current liabilities:				
Finance lease payables	9	816,730	913,215	1,248,327
Provision for end of service indemnity		388,822	369,876	331,664
Total non-current liabilities		1,205,552	1,283,091	1,579,991
Total liabilities		3,947,693	4,211,333	4,886,542
Equity:				
Share capital		16,369,277	16,369,277	16,369,277
Statutory reserve		777,717	777,717	582,386
Treasury shares reserve		84,388	84,388	84,388
Cumulative changes in fair value		-	15,072	15,561
Effect of changes in ownership interest of a subsidiary		1,588	1,588	1,588
Effect of changes in other comprehensive income of associates		117,874	117,874	95,902
Foreign currencies translation reserve		(1,776,670)	(1,785,944)	(1,807,258)
Retained earnings		4,367,132	4,089,333	4,831,257
Equity attributable to Shareholders of the Parent Company		19,941,306	19,669,305	20,173,101
Non-controlling interests		59,341	57,351	53,784
Total equity		20,000,647	19,726,656	20,226,885
Total liabilities and equity		23,948,340	23,937,989	25,113,427

The accompanying notes from (1) to (13) form an integral part of the interim condensed consolidated financial information.

Abdullah Mohammed Al-Shatti
Chairman

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
	Note	2018	2017
Sales		366,051	294,107
Cost of sales		(284,414)	(210,858)
Gross profit		81,637	83,249
Revenues from transportation, leasing and maintenance operations		228,699	228,671
Cost of transportation, leasing and maintenance operations		(131,359)	(134,280)
Gross profit		97,340	94,391
Rental revenues		281,056	344,658
Rental costs		(54,786)	(54,035)
Gross profit		226,270	290,623
Total gross profit		405,247	468,263
General and administrative expenses		(165,539)	(251,458)
Depreciation		(9,074)	(9,570)
Operating profit		230,634	207,235
Realized gain on sale of financial assets available for sale		-	40,274
Share of results from associates		-	59,269
Gain on sale of investment in an associate		-	1,341,976
Gain from sale of property, plant and equipment		-	3,149
Interest income		28,087	10,399
Finance charges		(50,283)	(56,965)
Foreign currencies exchange differences		(579)	11,304
Other income		1,772	7,314
Profit for the period before contributions to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		209,631	1,623,955
Contribution to KFAS		(1,869)	(14,599)
Contribution to NLST		(5,664)	(40,892)
Contribution to Zakat		(1,202)	(16,357)
Profit for the period		200,896	1,552,107
Attributable to:			
Shareholders of the Parent Company		198,896	1,550,256
Non-controlling interests		2,000	1,851
		200,896	1,552,107
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (Fils)	10	1.22	9.47

The accompanying notes from (1) to (13) form an integral part of the interim condensed consolidated financial information.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2018	2017
Profit for the period	200,896	1,552,107
Other comprehensive income:		
<u>Items that may be reclassified subsequently to consolidated statements of profit or loss:</u>		
Related to financial assets available for sale		
Transferred to consolidated statement of profit or loss upon sale of investment in associate	-	38,840
Exchange differences on translating foreign operations	9,274	4,054
Other comprehensive income for the period	9,274	42,894
Total comprehensive income for the period	210,170	1,595,001
Attributable to:		
Shareholders of the Parent Company	208,170	1,593,150
Non-controlling interests	2,000	1,851
	210,170	1,595,001

The accompanying notes from (1) to (13) form an integral part of the interim condensed consolidated financial information.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company							
	Share capital	Statutory reserve	Treasury shares reserve	Cumulative changes in fair value	Effect of changes in ownership interest of a subsidiary	Effect of changes in comprehensive income of associates	Foreign currencies translation reserve	
Balance at December 31, 2017	16,369,277	777,717	84,388	15,072	1,588	117,874	(1,785,944)	Total equity
Profit for the period	-	-	-	-	-	-	-	19,726,666
Total other comprehensive income for the period	-	-	-	-	-	-	-	200,896
Total comprehensive income for the period	-	-	-	-	-	-	9,274	9,274
Change in accounting policy (Note 3)	-	-	-	-	-	-	9,274	210,170
Balance at March 31, 2018	16,369,277	777,717	84,388	(15,072)	1,588	117,874	(1,776,670)	63,821
Balance at December 31, 2016	16,369,277	582,386	84,388	15,561	1,588	57,062	(1,811,312)	18,631,884
Profit for the period	-	-	-	-	-	-	-	1,552,107
Total other comprehensive income for the period	-	-	-	-	-	-	-	42,894
Total comprehensive income for the period	-	-	-	-	-	38,840	4,054	-
Balance at March 31, 2017	16,369,277	582,386	84,388	15,561	1,588	95,902	(1,807,258)	1,595,001
								20,226,885

The accompanying notes from (1) to (13) form an integral part of the interim condensed consolidated financial information.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2018	2017
Cash flows from operating activities:			
Profit for the period before contributions to KFAS, NLST and Zakat		209,631	1,623,955
Adjustments for:			
Depreciation		14,372	14,826
Gain on sale of property, plant and equipment		-	(3,149)
Realized gain on sale of financial assets available for sale		-	(40,274)
Share of results from an associate		-	(59,269)
Gain on sale of investment in an associate		-	(1,341,976)
Interest income		(28,087)	(10,399)
Finance charges		50,283	56,965
Provision for end of service indemnity		19,813	15,202
		<u>266,012</u>	<u>255,881</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		31,614	(113,291)
Changes in due to a related party		(45)	4,850
Inventories		96,693	(7,604)
Accounts payable and other credit balances		<u>(229,954)</u>	<u>44,288</u>
Cash flows generated from operations		164,320	184,124
Payment for end of service indemnity		(867)	(1,619)
Payment of Zakat		-	(2,746)
Net cash flows generated from operating activities		<u>163,453</u>	<u>179,759</u>
Cash flows from investing activities:			
Net increase (decrease) in investment deposits		2,250,000	(2,550,000)
Paid for the purchase of property, plant and equipment		(1,213)	(4,937)
Proceeds from sale of investment in an associate		-	3,096,203
Proceeds from sale of property, plant and equipment		-	3,150
Proceeds from sale of financial assets available for sale		-	84,022
Interest income received		18,688	10,399
Net cash flows generated from investing activities		<u>2,267,475</u>	<u>638,837</u>
Cash flows from financing activities:			
(Repayment of) proceeds from finance lease payables		(79,265)	58,282
Dividends paid		(3,197)	-
Finance charges paid		<u>(29,143)</u>	<u>(56,965)</u>
Net cash flows (used in) generated from financing activities		<u>(111,605)</u>	<u>1,317</u>
Foreign currencies translation adjustments		<u>(6,146)</u>	<u>(112,553)</u>
Net increase in cash and cash equivalents		2,313,177	707,360
Cash and cash equivalents at the beginning of the period		2,140,122	1,430,086
Cash and cash equivalents at the end of the period	3	<u>4,453,299</u>	<u>2,137,446</u>

The accompanying notes from (1) to (13) form an integral part of the interim condensed consolidated financial information.

1. Incorporation and activities of Parent Company

Mubarrad Holding Company "the Parent Company" is a Kuwaiti public Shareholding Company registered in State of Kuwait and was incorporated pursuant to memorandum of Incorporation of a limited liability Company, authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department – under No. 366/Volume 1 dated March 6, 1996 and its subsequent amendments, the latest of which was notarized on the company's commercial registry pursuant to a Memorandum No. 5/12 dated December 4, 2017 issued from Shareholding Companies' Administration, based on the Parent Company's Shareholders Extraordinary General Assembly meeting held on November 22, 2017, which approved the following:

Amending Article No. (2) of the Parent Company's Memorandum of Incorporation and Article No. (1) of the Articles of Association regarding the Parent Company's name, as follows:

Articles after amendment: The name of the Parent Company is "Mubarrad Holding Company - K.S.C.P."

Amending Article No. (5) of the Parent Company's Memorandum of Incorporation and Article No. (4) of the Articles of Association related to the Parent Company's activities as follows:

The main activities for which the Parent Company was incorporated are as follows:

- Managing the Parent Company's subsidiaries and participating in managing other companies in which it holds ownership stakes and providing necessary support thereto.
- Investing funds through trading in shares, bonds, and other financial securities.
- Acquisition of properties and movables necessary to carry out business activities as allowable by the Law.
- Financing and extending loans to investee companies and providing guarantees to third parties, provided that the ownership of the Parent Company is not less than 20% in the capital of the lending company.
- Acquisition of industrial rights and related intellectual properties, trademarks, industrial models, franchises and other rights, and renting such properties and rights to subsidiaries and other companies, inside State of Kuwait or abroad.

The Parent Company is registered in the commercial register under Ref. No. 64715 on October 10, 2004.

The registered address of the Parent Company's office is Old Khaitan, Block 29, Street 22, State of Kuwait.

The Parent Company is 39.152% owned by A'ayan Leasing and Investment Group K.S.C. (Public) ("The Ultimate Parent Company").

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on May 15, 2018.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2017 except for the change in accounting policies due to adoption of new standards as disclosed in the Note 3.

The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not yet effective.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with 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 in the accompanying interim condensed consolidated financial information. Operating results for the period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending on December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2017.

3. Changes in accounting policies due to adoption of new standards

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarized below:

A) IFRS 9 - Financial Instruments

The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

I. **Classification of financial assets and financial liabilities**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios:

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity, loans and receivables) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Debt instruments at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses if any.

Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

Financial assets at FVPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, interest income and dividends are recorded in statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

II. Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

III. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as described below:

- a. Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for the year ended December 31, 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the period ended March 31, 2018.

- b. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
 - The designation of certain financial assets available for sale as measured at FVTPL.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at January 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	New carrying amount under IFRS 9 KD
Financial assets				
Cash on hand and at banks	Loans and receivables	Amortized Cost	2,140,122	2,140,122
Investment deposits	Loans and receivables	Amortized Cost	4,000,000	4,000,000
Accounts receivable and other debit balances	Loans and receivables	Amortized Cost	2,209,214	2,209,214
Equity Instruments – AFS	Financial assets available for sale	Financial assets at FVPL	1,002,100	1,065,921
Total financial assets			9,351,436	9,415,257
Financial liabilities				
Finance lease payables	Amortized Cost	Amortized Cost	2,743,305	2,743,305
Accounts payable and other credit balances	Amortized Cost	Amortized Cost	1,097,452	1,097,452
Due to a related party	Amortized Cost	Amortized Cost	700	700
Total financial liabilities			3,841,457	3,841,457
Transition adjustments				
Cumulative changes in fair value				(15,072)
Retained earnings				78,903
				63,831

B) IFRS 15 Revenue from Contracts with Customers

IFRS 15, effective for annual periods beginning on or after January 1, 2018, establishes a single and comprehensive framework for determining whether, how much and when revenue is recognized. The standard replaces IAS 18 "Revenues", IAS 11 "Construction Contract" and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Upon adoption of IFRS 15, the Group will apply the cumulative effect approach by retrospectively adjusting opening retained earnings as of January 1, 2018 and will not restate prior periods.

The Group is in the business of sale of goods, transportation and leasing of equipments and real estate operations. The goods and services are sold solely on their own in separately identified contracts with customers.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

The adoption of this standard did not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

(a) Sale of goods

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

(b) Rendering of services

The Group's Transportation, leasing and maintenance segment provides services to customers. These services are sold separately by the Group. Under IFRS 15, the Group assessed that there are single performance obligation in contracts for the services being rendered.

(c) Advances received from customers

Generally, the Group receives short-term advances from its customers. Prior to the adoption of IFRS 15, the Group presented these advances as advances received from customers in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

4. Cash and cash equivalents

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Cash on hand and at banks	2,203,299	1,265,122	2,137,446
Short term bank deposits	2,250,000	875,000	-
	<u>4,453,299</u>	<u>2,140,122</u>	<u>2,137,446</u>

The effective rate of return on short term bank deposits ranged from 1.75% to 2.72% per annum (December 31, 2017 :1.75%, March 31, 2017: Nil).

5. Investment deposits

The effective interest rate of return investment deposits was 2.72% per annum (December 31, 2017: 2.7%, March 31, 2017: 2.25%), these deposits have an average maturity of 181 days (December 31, 2017: 94 -181 days, March 31, 2017: 188 days).

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2018
(All amounts are in Kuwaiti Dinars)

6. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, board of directors, key management personnel, associates entities under common control and other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the interim condensed consolidated statement of financial position:

	Major shareholders	Other related party	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Due from related parties	-	-	-	-	350,265
Investment property (real estate portfolio managed by a related party)	2,351,000	-	2,351,000	2,351,000	2,450,000
Financial assets at fair value through profit or loss	131,233	283,755	414,988	-	-
Financial assets available for sale	-	-	-	289,880	350,000
Due to a related party	655	-	655	700	-
				Three months ended March 31, 2018	Three months ended March 31, 2017

Compensation to key management personnel

Short term benefits	27,832	23,811
Termination benefits	3,381	1,900
	31,213	25,711

7. Financial assets available for sale

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Quoted:			
Equity securities	-	4,988	5,486
Unquoted:			
Equity securities	-	334,691	241,001
Investment portfolios and funds	-	662,421	2,279,819
Total	-	997,112	2,520,820
	-	1,002,100	2,526,306

At January 1, 2018, as a result of adoption of IFRS 9, the Group elected to reclassify financial assets available for sale with a carrying value of KD 1,002,100 to financial assets at fair value through profit or loss (Note 8).

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8. Financial assets at fair value through profit or loss

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Quoted:			
Equity securities	4,489	-	-
Unquoted:			
Equity securities	428,984	-	-
Investment portfolios and funds	632,448	-	-
Total	1,061,432	-	-
	1,065,921	-	-

At January 1, 2018, as a result of adoption of IFRS 9 the Group elected to reclassify investments amounting to KD 1,002,100 from financial assets available for sale (Note 7).

Financial assets at fair value through profit or loss comprises equity securities, portfolios and funds, and for which the Group has classified based on its most relevant business model.

9. Finance lease payables

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Gross amount of Finance lease payables	2,865,221	2,966,058	3,540,015
Less: Unamortized future finance charges	(180,041)	(222,753)	(307,196)
Present value of finance lease payables	2,685,180	2,743,305	3,232,819

	March 31, 2018	December 31, 2017 (Audited)	March 31, 2017
Analyzed by:			
Current portion	1,868,450	1,830,090	1,984,492
Non-current portion	816,730	913,215	1,248,327
Total present value of finance lease payables	2,685,180	2,743,305	3,232,819

The Parent Company renewed a lease agreement containing a bargain purchase option with a local bank, to finance the purchase of a right of utilization of an industrial plot, located at third Shuwaikh Industrial Area, Block (D), Plot No. (165), for a single rental annual payment due on April 30, 2018 with a bargain purchase option upon the complete settlement of the contractual payments. The leased asset is registered under the name of the financing bank until the settlement of the contractual payments. Subsequent to the consolidated financial position date the lease agreement was renewed till April 30, 2018.

On November 8, 2015, the Subsidiary Company - Takatof Real Estate Co. E.S.C. entered into a finance lease agreement with a foreign financial institution, to finance the purchase of a land and an administrative building constructed thereon, the land is located at New Cairo City – Block No. 211, Second Sector, Arab Republic of Egypt, for 21 quarterly lease payments, the latest is due on November 15, 2020 with a bargain purchase option after completing all contractual payments. The leased asset is registered under the name of foreign financial institution until the settlement of the contractual payments. The finance lease agreement carries annual interest rate at 7.277% plus LIBOR rate.

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10. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	For the three months period ended March 31,	
	2018	2017
Profit for the period attributable to shareholders of the Parent Company	198,896	1,550,256
Number of outstanding shares	Shares	Shares
	163,692,769	163,692,769
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	Fils	Fils
	1.22	9.47

11. Shareholders' Annual Ordinary General Assembly

The Shareholders' Annual Ordinary General Assembly held on April 22, 2018 approved the consolidated financial statements for the year ended December 31, 2017 and cash dividends distribution of 5%, equivalent to 5 fils per share, for the year ended December 31, 2017, equivalent to a total amount of KD 818,464 and a Board of Directors' remuneration of KD 30,000.

The Shareholders' Annual Ordinary General Assembly held on April 19, 2017 approved the consolidated financial statements for the year ended December 31, 2016 and cash dividends distribution of 5%, equal to 5 fils per share, for the year ended December 31, 2016, equivalent to a total amount of KD 818,464 and a Board of Directors' remuneration of KD 30,000.

12. Segment information

For management purposes, the following activities were classified as operating segments:

Operating activity	Description
Transportation, leasing and maintenance segment	Represents goods transport, lease and charter means of transportation and maintenance of other vehicles
Vehicles body manufacturing segment	Represents vehicles' body manufacturing, importing, marketing and exporting.
Investment segment	Represents investments available for sale and investment properties.

Information related to each reportable operating segments is set out below:

	Three months ended March 31, 2018			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenues	234,019	367,331	304,587	905,937
Total costs	(164,937)	(337,846)	(202,258)	(705,041)
Profit for the period	69,082	29,485	102,329	200,896

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	3,252,884	2,373,548	26,258,485	(7,936,577)	23,948,340
Segment liabilities	240,222	571,791	5,070,922	(1,935,242)	3,947,693

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For the year ended December 31, 2017					
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	3,151,400	2,513,237	26,020,617	(7,747,265)	23,937,989
Segment liabilities	238,236	690,965	5,197,938	(1,915,806)	4,211,333

Three months ended March 31, 2017				
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenues	233,146	302,234	1,805,741	2,341,121
Total costs	(156,814)	(260,699)	(371,501)	(789,014)
Profit for the period	76,332	41,535	1,434,240	1,552,107

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	1,718,615	2,295,192	28,436,851	(7,337,231)	25,113,427
Segment liabilities	208,834	522,998	6,086,325	(1,931,615)	4,886,542

Information related to Geographical locations is set out below:

	For the three months period ended March 31, 2018				
	Kuwait & GCC Countries	Africa	Total segments	Adjustments and Eliminations	Consolidated Segments
Revenues	997,327	119,701	1,117,028	(211,091)	905,937
Segment assets	28,506,035	3,378,882	31,884,917	(7,936,577)	23,948,340

	For the three months period ended March 31, 2017				
	Kuwait & GCC Countries	Africa	Total segments	Adjustments and Eliminations	Consolidated Segments
Revenues	2,435,854	112,183	2,548,037	(206,916)	2,341,121
Segment assets	29,016,996	3,433,662	32,450,658	(7,337,231)	25,113,427

13. Fair value measurement

The Group measures its financial assets at fair value through profit or loss and available for sale at fair value at the end of each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's financial assets at fair value through profit or loss and available for sale measured at fair value, by level of fair value hierarchy:

March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	4,489	632,448	428,984	1,065,921
Total	4,489	632,448	428,984	1,065,921
December 31, 2017 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets available for sale	4,988	662,421	-	667,409
Investment properties	-	5,998,003	2,351,000	8,349,003
Total	4,988	6,660,424	2,351,000	9,016,412
March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale	5,486	2,279,819	-	2,285,305
Total	5,486	2,279,819	-	2,285,305

Management of the Parent Company is of the view that no significant changes have occurred in fair values of the investment properties during the three months period ended March 31, 2018.

During the period ended March 31, 2018, there were no transfers between different levels of fair value measurement hierarchy.