

**MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC
AND ITS SUBSIDIARIES
STATE OF KUWAIT**

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2015
(UNAUDITED)**

**WITH
REPORT ON REVIEW OF
INTERIM CONSOLIDATED FINANCIAL INFORMATION**

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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(UNAUDITED)
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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Mubarrad Transportation Co. K.S.C. - Public and its subsidiaries
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mubarrad Transportation Co. K.S.C. - Public (Parent Company) and its subsidiaries (the Group) as of March 31, 2015 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, 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 consolidated financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim 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 Consolidated Financial Information Performed by the Independent Auditor of the Group". A review of interim 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 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 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. 25 of 2012 and its subsequent amendments, its executive regulations, or of the Parent Company's Articles of Association and Article of Incorporation during the period ended March 31, 2015 that might have materially affected the Group's financial position or result of its operations.

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State of Kuwait
April 29, 2015

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Current assets:				
Cash and cash equivalent	3	3,110,458	1,004,224	1,529,271
Investment Deposits	4	1,000,000	-	1,500,000
Accounts receivable and other debit balances	5	4,095,508	1,395,346	1,665,568
Due from related parties	6	-	-	15,068
Right of utilization held for trading		-	-	2,750,000
Inventories		471,796	439,901	391,512
		<u>8,677,762</u>	<u>2,839,471</u>	<u>7,851,419</u>
Assets classified as held for sale		1,000	3,700	10,975
Total current assets		<u>8,678,762</u>	<u>2,843,171</u>	<u>7,862,394</u>
Investments available for sale		1,801,172	2,066,693	2,220,020
Investment in associates	8	6,119,214	5,911,330	4,908,819
Investment property		5,750,000	8,636,372	2,871,967
Property, plant and equipment		2,377,609	2,441,776	2,680,542
Goodwill		91,005	91,005	91,005
Total non-current assets		<u>16,139,000</u>	<u>19,147,176</u>	<u>12,772,353</u>
Total assets		<u>24,817,762</u>	<u>21,990,347</u>	<u>20,634,747</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Short term finance contract payable	9	1,839,722	1,814,565	1,844,800
Accounts payable and other credit balances		1,806,933	950,537	593,519
Due to related party	6	5,455	3,705	3,705
Total current liabilities		<u>3,652,110</u>	<u>2,768,807</u>	<u>2,442,024</u>
Provision for end of service indemnity		262,337	253,596	225,335
Total liabilities		<u>3,914,447</u>	<u>3,022,403</u>	<u>2,667,359</u>
Equity:				
Capital		16,369,277	16,369,277	16,369,277
Statutory reserve		255,640	255,640	66,721
Treasury shares reserve		84,388	84,388	84,388
Cumulative changes in fair value		(12,701)	222,348	299,082
Effect of changes in ownership interest of a subsidiary		1,588	1,588	1,588
Effect of changes in other comprehensive income of associates		5,867	(3,545)	(14,984)
Foreign currency translation reserve		189,316	(202,475)	(253,037)
Retained earnings		<u>3,935,770</u>	<u>2,167,553</u>	<u>1,343,619</u>
Equity attributable to the Parent Company's shareholders		<u>20,829,145</u>	<u>18,894,774</u>	<u>17,896,654</u>
Non - controlling interests		74,170	73,170	70,734
Total equity		<u>20,903,315</u>	<u>18,967,944</u>	<u>17,967,388</u>
Total liabilities and equity		<u>24,817,762</u>	<u>21,990,347</u>	<u>20,634,747</u>

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

Abdullah Mohammed Al - Shtay
Chairman

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2015	2014
Continuing operations			
Sales		338,739	255,815
Cost of sales		(266,415)	(163,273)
Gross profit		72,324	92,542
Revenue from transportation, leasing and maintenance		250,990	221,273
Cost of transportation, leasing and maintenance		(226,324)	(214,391)
Gross profit		24,666	6,882
Revenue from rental of stores		122,760	47,000
Cost of rental of stores		(46,258)	(34,125)
Gross profit		76,502	12,875
Total gross profit		173,492	112,299
General and administrative expenses		(312,920)	(150,992)
Provision for doubtful debts no longer required		1,000	6,300
Depreciation		(9,987)	(10,565)
Operating loss		(148,415)	(42,958)
Gain from sale of property, plant and equipment		3,805	-
Murabaha expenses		(25,157)	(24,813)
Gain on sale of investments available for sale	10	2,686,704	29,800
Share of results from associates	8	218,030	829,990
Foreign exchange loss		(13,648)	(332)
Interest income		3,752	5,413
Other income		3,977	6,864
Profit for the period from continuing operations		2,729,048	803,964
(Loss) profit for the period from discontinued operations	7	(26,559)	2,201
Profit for the period before contribution to Kuwait Foundation for the advancement of sciences (KFAS), contribution to Zakat and National Labor Support Tax (NLST)		2,702,489	806,165
Contribution to KFAS		(22,628)	(7,255)
Contribution to Zakat		(25,198)	(7,315)
Contribution to NLST		(67,215)	(20,254)
Net profit for the period		2,587,448	771,341
Attributable to:			
Shareholders of the Parent Company		2,586,681	771,342
Non - controlling interests		767	(1)
Net profit for the period		2,587,448	771,341
		Fils	Fils
Earnings per share attributable to shareholders of the parent company	11	15.80	4.71

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

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2015	2014
Net profit for the period		2,587,448	771,341
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Investments available for sale:			
Change in fair value of investments available for sale		(235,054)	(2,743)
Reversal due to sale of investments available for sale		-	(14,797)
		<u>(235,054)</u>	<u>(17,540)</u>
Reversal due to sale of investment in subsidiary		315,522	-
Exchange difference on translating foreign operations		76,507	(14,503)
		<u>392,029</u>	<u>(14,503)</u>
Share of other comprehensive income from associates	8	9,412	(67)
Other comprehensive income (loss) for the period		<u>166,387</u>	<u>(32,110)</u>
Total comprehensive income for the period		<u><u>2,753,835</u></u>	<u><u>739,231</u></u>
Attributable to:			
Shareholders of the parent company		2,752,835	739,256
Non-controlling interests		1,000	(25)
Total comprehensive income for the period		<u><u>2,753,835</u></u>	<u><u>739,231</u></u>

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

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015
 (All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of Parent Company

Mubarrad Transportation Company – K.S.C. (Public) “the Parent Company” is a Kuwaiti public shareholding company registered in Kuwait and was incorporated as per Articles of Association 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 last contract which was authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department Under No 5394 / Volume 1 dated July 14, 2004, the following amendments were made according to the last contract:

- First The legal entity of Mubarred International Trading & Transportation Co. – Abdullatif and Jamal Mohammed Al-Fadalah and Partners – was changed from a limited liability Company to a Kuwaiti Shareholding Company - Public.
- Second Amendment of the Parent Company’s name to be “Mubarrad Transportation Company – K.S.C. - Public”.

The interim consolidated financial information was authorized for issue by the Board of Directors on April 29, 2015.

2. Basis of presentation

The interim 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 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, 2014.

The interim 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 consolidated financial information. Operating results for the period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2014.

3. Cash and cash equivalent

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Cash on hand and at banks	2,360,458	953,985	779,271
Short term bank deposit	750,000	-	750,000
Cash at investment portfolio	-	50,239	-
	<u>3,110,458</u>	<u>1,004,224</u>	<u>1,529,271</u>

4. Investment deposits

The effective interest rate on investment deposits is 1.15% per annum (December 31, 2014: Nil, March 31, 2014: From 1.05% to 1.15%), these deposits have an average maturity of 182 days (December 31, 2014: Nil, March 31, 2014: 182 days).

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2015
 (All amounts are in Kuwaiti Dinars)

5. Accounts receivable and other debit balances

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Trade receivables	2,338,895	2,487,156	2,461,217
Staff receivables	46,606	58,160	42,527
	<u>2,385,501</u>	<u>2,545,316</u>	<u>2,503,744</u>
Less: provision for doubtful debts	(1,446,805)	(1,450,805)	(1,322,440)
Net trade receivables and staff receivables	938,696	1,094,511	1,181,304
Advance payments to suppliers	94,761	76,571	23,756
Prepaid expenses	57,996	65,077	50,675
Advance for purchase of investment in subsidiary	-	-	315,110
Receivable for sale of subsidiary (a)	2,910,391	-	-
Accrued income	2,008	-	822
Refundable deposits	51,300	51,300	48,210
Cheques under collection	40,356	28,900	42,900
Other receivables	-	78,987	2,791
	<u>4,095,508</u>	<u>1,395,346</u>	<u>1,665,568</u>

(a) This amount represent receivable against sale of subsidiary Mubarrad Logistics Integrated Services Co. - E.S.C. - Arab Republic of Egypt.

6. Related party disclosures

The Group has entered into various transactions with related parties, i.e. 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:

	Other related parties	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Due from related parties	-	-	-	15,068
Due to related party	5,455	5,455	3,705	3,705
			<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
<u>Compensation to key management personnel</u>				
Salaries and other benefits			13,500	11,250
Leave			1,920	1,600
Indemnity			1,280	1,067
			<u>16,700</u>	<u>13,917</u>

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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7. Discontinued operations

On January 22, 2015, the Parent Company signed an agreement for selling its 98% owned subsidiary Mubarrad Logistics Integrated Services Co. E.S.C.- Arab Republic for Egypt for EGP 84,000,000 (equivalent to KD 3,329,760), and this transaction resulted in a loss of KD 36,132 as shown in the interim condensed consolidated statement of profit or loss.

Loss from sale of subsidiary is calculated as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Proceeds	3,329,760	7,000
Less: Transfer of Parent company credit balance	(2,684,730)	(4,634)
Less: Sale expenses	(173,641)	-
Net sale value	471,389	2,366
Cost of disposal:		
Current Assets	40,253	4,825
Non current Assets	2,883,844	-
Total Assets	2,924,097	4,825
Current liabilities	2,732,098	1,211
Non current Liabilities	-	592
Total Liabilities	2,732,098	1,803
Net assets at disposal date	191,999	3,022
Share of from foreign currency translation reserve	315,522	-
Total Cost of disposal	507,521	3,022
Net loss from sale	(36,132)	(656)

The analysis of (loss) profit from discontinued operations is as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Revenue	14,302	30,834
Expenses	(4,729)	(27,977)
Profit for the period	9,573	2,857
Loss on sale	(36,132)	(656)
(Loss) profit from discontinued operations	(26,559)	2,201

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
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(Loss) earnings per share attributable to shareholders of the parent company had been computed for discontinued operations as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
(Loss) profit for the period from discontinued operations	(26,559)	2,201
Weighted average number of shares outstanding	163,692,769	163,692,769
	<u>Fils</u>	<u>Fils</u>
(Loss) earnings per share relating to shareholders of the Parent Company from discontinued operations	<u>(0.16)</u>	<u>0.01</u>

8. Investment in associates

The movement during the period / year is as follows:

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Balance at the beginning of the period / year	5,911,330	4,219,854	4,219,854
Additions	-	282,594	-
Cash dividends received from associates	(96,040)	(298,413)	(137,421)
Group's share of results from associates	218,030	1,411,644	829,990
Group's share of associates' other comprehensive income	9,412	11,372	(67)
Gain from bargain purchase	-	192,165	-
Foreign exchange differences	76,482	92,114	(3,537)
Balance at the end of the period / year	<u>6,119,214</u>	<u>5,911,330</u>	<u>4,908,819</u>

9. Short term finance contracts

This item represent finance contracts installments as follows:

	March 31, 2015	December 31, 2014 (Audited)	March 31, 2014
Finance contracts installments	1,848,108	1,848,108	1,848,108
Less: Deferred finance charges	(8,386)	(33,543)	(3,308)
	<u>1,839,722</u>	<u>1,814,565</u>	<u>1,844,800</u>

The Parent Company has renewed the finance lease contract with a local bank for purchasing a right of utilization located in Shuwaikh Industrial Area Plot (D), Buildings (1/2/3), payable in one installment on April 30, 2015.

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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 (All amounts are in Kuwaiti Dinars)

10. Gain on sale of investments available for sale

This amount represents profit resulted from investment portfolio sale transaction that was impaired in prior years at USD 9,096,072 (Equivalent to KD 2,686,704).

11. Earnings per share (Fils) attributable to shareholders of the Parent Company

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

	<u>Three months ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
Net profit for the period attributable to shareholders of the Parent Company	<u>2,586,681</u>	<u>771,342</u>
<u>Number of shares outstanding:</u>		
Number of issued shares at the beginning of the period	<u>163,692,769</u>	<u>163,692,769</u>
Weighted average number of shares outstanding	<u>163,692,769</u>	<u>163,692,769</u>
	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to shareholders of the Parent Company	<u>15.80</u>	<u>4.71</u>

12. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on March 31, 2015 approved the consolidated financial statements for the year ended December 31, 2014 and the Board of Directors' proposal to distribute cash dividends of 5 Fils per share for the year ended December 31, 2014.

13. Segment information

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

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

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2015
 (All amounts are in Kuwaiti Dinars)

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

Three months ended March 31, 2015					
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment		Total
Total revenue	3,286,558	343,466	14,302		3,644,326
Total costs	(732,001)	(320,148)	(4,729)		(1,056,878)
Net profit for the period	2,554,557	23,318	9,573		2,587,448

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	28,800,657	2,053,945	-	(6,036,840)	24,817,762
Segment liabilities	5,335,970	549,643	-	(1,971,166)	3,914,447

Three months ended March 31, 2014					
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment		Total
Total revenue	1,146,541	255,914	30,834		1,433,289
Total costs	(437,685)	(205,639)	(18,624)		(661,948)
Net profit for the period	708,856	50,275	12,210		771,341

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	24,508,887	2,042,556	3,019,474	(8,936,170)	20,634,747
Segment liabilities	4,126,141	451,506	2,888,574	(4,798,862)	2,667,359