MUBARRAD HOLDING COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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CONTENTS

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To
The Board of Directors
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 June 30, 2018, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three months and six months periods then ended, statement of changes in equity, and cash flows for the six 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 six months period ended June 30, 2018 that might have had a material effect on the Parent Company's financial position or result of its operations.

Nayef M. Al-Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
July 31, 2018

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

ASSETS	Notes	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Current assets:				
Cash and cash equivalents	4	**4,937,788**	2,140,122	961,023
Investment deposits	5	**750,000**	4,000,000	4,200,000
Accounts receivable and other debit balances		**2,233,024**	2,209,214	1,132,255
Due from related parties	6	**9,000**	-	358,435
Inventories		**585,450**	763,004	740,540
Total current assets		**8,515,262**	9,112,340	7,392,253
Non-current assets:				
Financial assets available for sale	7	**-**	1,002,100	2,416,714
Financial assets at fair value through profit or loss	8	**1,059,074**	-	-
Investment in an associate	9	**3,832,624**	3,815,271	3,719,738
Investment properties		**8,327,799**	8,349,003	8,714,985
Property, plant and equipment		**1,542,824**	1,568,270	1,595,936
Goodwill		**91,005**	91,005	91,005
Total non-current assets		**14,853,326**	14,825,649	16,538,378
Total assets		**23,368,588**	23,937,989	23,930,631
LIABILITIES AND EQUITY				
Current liabilities:				
Finance lease payables	10	**1,669,923**	1,830,090	1,762,070
Accounts payable and other credit balances		**1,276,560**	1,097,452	1,120,223
Due to a related party	6	**655**	700	-
Total current liabilities		**2,947,138**	2,928,242	2,882,293
Non-current liabilities:				
Finance lease payables	10	**711,033**	913,215	1,113,967
Provision for end of service indemnity		**404,734**	369,876	341,589
Total non-current liabilities		**1,115,767**	1,283,091	1,455,556
Total liabilities		**4,062,905**	4,211,333	4,337,849
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	15,855
Effect of changes in ownership interest of a subsidiary		**1,588**	1,588	1,588
Effect of changes in other comprehensive income of an associate		**117,874**	117,874	117,874
Foreign currencies translation reserve		**(1,786,070)**	(1,785,944)	(1,894,980)
Retained earnings		**3,685,121**	4,089,333	4,261,319
Equity attributable to Shareholders of the Parent Company		**19,249,895**	19,669,305	19,537,707
Non-controlling interests		**55,788**	57,351	55,075
Total equity		**19,305,683**	19,726,656	19,592,782
Total liabilities and equity		**23,368,588**	23,937,989	23,930,631

The accompanying notes from (1) to (14) form an integral part of the interim condensed consolidated financial information.

Mr. 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 JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

	Notes	Three months period ended June 30, 2018	Three months period ended June 30, 2017	Six months period ended June 30, 2018	Six months period ended June 30, 2017
Sales		**282,648**	386,889	**648,699**	680,996
Cost of sales		**(212,312)**	(274,055)	**(496,726)**	(484,913)
Gross profit		**70,336**	112,834	**151,973**	196,083
Revenues from transportation, leasing and maintenance operations		**188,412**	196,919	**417,111**	425,590
Cost of transportation, leasing and maintenance operations		**(129,617)**	(137,547)	**(260,976)**	(271,827)
Gross profit		**58,795**	59,372	**156,135**	153,763
Rental revenues		**202,298**	280,834	**483,354**	625,492
Rental costs		**(54,147)**	(54,581)	**(108,933)**	(108,616)
Gross profit		**148,151**	226,253	**374,421**	516,876
Total gross profit		**277,282**	398,459	**682,529**	866,722
General and administrative expenses		**(151,377)**	(145,496)	**(316,916)**	(396,957)
Depreciation		**(9,056)**	(9,725)	**(18,130)**	(19,295)
Operating profit		**116,849**	243,238	**347,483**	450,470
Net investment income		**57,645**	-	**57,645**	40,274
Share of results from an associate	9	**4,476**	73,766	**4,476**	133,035
Gain on sale of investment in an associate		**-**	-	**-**	1,341,979
Gain from sale of property, plant and equipment		**-**	-	**-**	3,149
Interest income		**20,808**	26,079	**48,895**	36,478
Finance charges		**(55,815)**	(54,965)	**(106,098)**	(111,930)
Foreign currencies exchange differences		**(698)**	(5,102)	**(1,277)**	6,202
Other income		**590**	100	**2,362**	7,414
Profit for the period before contributions to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**143,855**	283,116	**353,486**	1,907,071
Contribution to KFAS		**(1,283)**	(2,580)	**(3,152)**	(17,179)
Contribution to NLST		**(3,963)**	(7,414)	**(9,627)**	(48,306)
Contribution to Zakat		**(909)**	(1,338)	**(2,111)**	(17,695)
Profit for the period		**137,700**	271,784	**338,596**	1,823,891
Attributable to:					
Shareholders of the Parent Company		**136,453**	270,498	**335,349**	1,820,754
Non-controlling interests		**1,247**	1,286	**3,247**	3,137
		137,700	271,784	**338,596**	1,823,891
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (Fils)	11	**0.83**	1.65	**2.05**	11.12

The accompanying notes from (1) to (14) 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 JUNE 30, 2018
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Profit for the period	**137,700**	271,784	**338,596**	1,823,891
Other comprehensive income:				
Items that may be reclassified subsequently to consolidated statements of profit or loss:				
Change in fair value of financial assets available for sale	-	299	-	299
Transferred to consolidated statement of profit or loss upon sale of investment in associate	-	-	-	38,840
Exchange differences on translating foreign operations	**(9,400)**	(87,722)	**(126)**	(83,668)
Other comprehensive loss for the period	**(9,400)**	(87,423)	**(126)**	(44,529)
Total comprehensive income for the period	**128,300**	184,361	**338,470**	1,779,362
Attributable to:				
Shareholders of the Parent Company	**127,053**	183,070	**335,223**	1,776,220
Non-controlling interests	**1,247**	1,291	**3,247**	3,142
	128,300	184,361	**338,470**	1,779,362

The accompanying notes from (1) to (14) 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 JUNE 30, 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 other comprehensive income of an associate	Foreign currencies translation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at December 31, 2017	16,369,277	777,717	84,388	15,072	1,588	117,874	(1,785,944)	4,089,333	19,669,305	57,351	19,726,656
Profit for the period	-	-	-	-	-	-	-	335,349	335,349	3,247	338,596
Total other comprehensive loss for the period	-	-	-	-	-	-	(126)	-	(126)	-	(126)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(126)	335,349	335,223	3,247	338,470
Change in accounting policy (Note 3)	-	-	-	(15,072)	-	-	-	78,903	63,831	(10)	63,821
Cash dividends - 5% (Note 12)	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Cash dividends - subsidiary	-	-	-	-	-	-	-	-	-	(4,800)	(4,800)
Balance at June 30, 2018	**16,369,277**	**777,717**	**84,388**	**-**	**1,588**	**117,874**	**(1,786,070)**	**3,685,121**	**19,249,895**	**55,788**	**19,305,683**
Balance at December 31, 2016	16,369,277	582,386	84,388	15,561	1,588	57,062	(1,811,312)	3,281,001	18,579,951	51,933	18,631,884
Profit for the period	-	-	-	-	-	-	-	1,820,754	1,820,754	3,137	1,823,891
Total other comprehensive income (loss) for the period	-	-	-	294	-	60,812	(83,668)	(21,972)	(44,534)	5	(44,529)
Total comprehensive income (loss) for the period	-	-	-	294	-	60,812	(83,668)	1,798,782	1,776,220	3,142	1,779,362
Cash dividends - 5% (Note 12)	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Balance at June 30, 2017	16,369,277	582,386	84,388	15,855	1,588	117,874	(1,894,980)	4,261,319	19,537,707	55,075	19,592,782

The accompanying notes from (1) to (14) form an integral part of the interim condensed consolidated financial information.

	Notes	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities:			
Profit for the period before contributions to KFAS, NLST and Zakat		**353,486**	1,907,071
Adjustments for:			
Depreciation		**27,654**	29,807
Gain on sale of property, plant and equipment		**-**	(3,149)
Net investment income		**(57,645)**	(40,274)
Share of results from an associate	9	**(4,476)**	(133,035)
Gain on sale of investment in an associate		**-**	(1,341,979)
Interest income		**(48,895)**	(36,478)
Finance charges		**106,098**	111,930
Provision for end of service indemnity		**37,041**	28,257
		413,263	522,150
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(16,633)**	(261,521)
Net movement in related parties		**(9,045)**	(10,444)
Inventories		**177,554**	(17,959)
Accounts payable and other credit balances		**(200,778)**	(131,966)
Cash flows generated from operations		**364,361**	100,260
Payment for end of service indemnity		**(2,183)**	(4,749)
Payment of KFAS		**(17,413)**	(7,476)
Payment of NLST		**(48,062)**	(29,205)
Payment of Zakat		**(18,818)**	(6,923)
Payment of Board for Directors' remuneration		**(30,000)**	-
Net cash flows generated from operating activities		**247,885**	51,907
Cash flows from investing activities:			
Net decrease (increase) in investment deposits		**3,250,000**	(2,550,000)
Paid for purchase of property, plant and equipment		**(2,208)**	(5,404)
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 at fair value through profit or loss		**19,492**	-
Proceeds from sale of financial assets available for sale		**-**	183,731
Dividend income received		**45,000**	-
Interest income received		**41,718**	23,201
Net cash flows generated from investing activities		**3,354,002**	750,881
Cash flows from financing activities:			
Paid to finance lease installments		**(409,979)**	(262,650)
Cash dividend paid		**(343,975)**	(814,520)
Finance charges paid		**(58,468)**	(147,780)
Net cash flows used in financing activities		**(812,422)**	(1,224,950)
Foreign currencies translation adjustments		**8,201**	(46,901)
Net increase (decrease) in cash and cash equivalents		**2,797,666**	(469,063)
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	4	**4,937,788**	961,023

The accompanying notes from (1) to (14) 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:

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 the Parent Company's 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 Parent Company's Board of Directors on July 31, 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 the Parent Company's 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 June 30, 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 Group's 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 Group's 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 June 30, 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	New carrying amount under IFRS 9
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**

	Retained earnings	Fair value reserve
Closing balance under IAS 39 (December 31, 2017)	4,089,333	15,072
Impact on reclassification and re-measurements:		
Equity instruments from available-for-sale to equity instruments at fair value through profit or loss	78,903	(15,072)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	4,168,236	-

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.

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

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Cash on hand and at banks	**2,687,788**	1,265,122	961,023
Short term bank deposits	**2,250,000**	875,000	-
	4,937,788	2,140,122	961,023

The effective rate of return on short term bank deposits ranged from 1.75% to 2.72% per annum (December 31, 2017 :1.75%, June 30, 2017: Nil).

5. Investment deposits
The effective rate of return investment deposits was 2.72% per annum (December 31, 2017: 2.72%, June 30, 2017: 2.25%), these deposits have an average maturity range of 94 to 181 days (December 31, 2017: 94 to 181 days, June 30, 2017: 188 days).

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	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Due from related parties	-	9,000	9,000	-	358,435
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	-
Due to a related party	655	-	655	700	-

Compensation to key management personnel

	For the three months period ended June 30,		For the six months period ended June 30,	
	2018	2017	**2018**	2017
Short term benefits	**28,048**	27,346	**55,880**	51,157
Termination benefits	**3,149**	1,920	**6,530**	3,820
	31,197	29,266	**62,410**	54,977

7. Financial assets available for sale

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Quoted:			
Equity securities	-	4,988	5,786
Unquoted:			
Equity securities	-	334,691	241,001
Investment portfolios and funds	-	662,421	2,169,927
	-	997,112	2,410,928
Total	-	1,002,100	2,416,714

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).

8. Financial assets at fair value through profit or loss

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Quoted:			
Equity securities	4,240	-	-
Unquoted:			
Equity securities	428,984	-	-
Investment portfolios and funds	625,850	-	-
	1,054,834	-	-
Total	1,059,074	-	-

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, investment portfolios and funds, and for which the Group has classified based on its most relevant business model.

9. Investment in an associate

The investment in an associate consist of the following:

Name of the associate	Country of incorporation	Principal activities	Percentage of ownership	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Oman Integral Logistics Co. - O.S.C.C.	Sultanate of Oman	Logistic services	50%	3,832,624	3,815,271	3,719,738

The movement during the period / year is as follows:

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Balance at the beginning of the period / year	3,815,271	7,073,164	7,073,164
Disposal of an associate	-	(3,346,083)	(3,346,083)
Group's share of results from an associate	4,476	138,432	133,035
Foreign currencies translation reserve	12,877	(50,242)	(140,378)
Balance at the end of the period / year	3,832,624	3,815,271	3,719,738

10. Finance lease payables

	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Gross amount of Finance lease payables	2,594,164	2,966,058	3,204,919
Less: Unamortized future finance charges	(213,208)	(222,753)	(328,882)
Present value of finance lease payables	2,380,956	2,743,305	2,876,037

Analyzed by:	June 30, 2018	December 31, 2017 (Audited)	June 30, 2017
Current portion	**1,669,923**	1,830,090	1,762,070
Non-current portion	**711,033**	913,215	1,113,967
Total present value of finance lease payables	**2,380,956**	2,743,305	2,876,037

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, 2019 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.

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 7.727% plus LIBOR rate.

11. 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 June 30,		For the six months period ended June 30,	
	2018	2017	**2018**	2017
Profit for the period attributable to shareholders of the Parent Company	**136,453**	270,498	**335,349**	1,820,754
	Shares	Shares	**Shares**	Shares
Number of shares outstanding	**163,692,769**	163,692,769	**163,692,769**	163,692,769
	Fils	Fils	**Fils**	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	**0.83**	1.65	**2.05**	11.12

12. Shareholders' Annual Ordinary General Assembly

The Parent Company's 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 Parent Company's 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.

13. 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:

	For the six months period ended June 30, 2018			
	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Total**
Total revenues	**429,111**	**650,188**	**583,243**	**1,662,542**
Total costs	**(326,058)**	**(599,563)**	**(398,325)**	**(1,323,946)**
Profit for the period	**103,053**	**50,625**	**184,918**	**338,596**

	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Eliminations**	**Total**
Total segment assets	**3,089,789**	**2,305,466**	**25,814,104**	**(7,840,771)**	**23,368,588**
Total segment liabilities	**254,768**	**482,569**	**5,263,762**	**(1,938,194)**	**4,062,905**

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

	For the six months period ended June 30, 2017			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenues	433,993	689,222	2,177,394	3,300,609
Total costs	(338,938)	(583,387)	(554,393)	(1,476,718)
Profit for the period	95,055	105,835	1,623,001	1,823,891

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Total segment assets	3,023,860	2,315,405	26,045,669	(7,454,303)	23,930,631
Total segment liabilities	224,462	528,911	5,534,944	(1,950,468)	4,337,849

Information related to Geographical locations is set out below:

	For the six months period ended June 30, 2018				
	Kuwait & GCC Countries	**Africa**	**Total segments**	**Adjustments and Eliminations**	**Consolidated Segments**
Revenues	**1,795,034**	**237,318**	**2,032,352**	**(369,810)**	**1,662,542**
Total segment assets	**27,866,213**	**3,343,146**	**31,209,359**	**(7,840,771)**	**23,368,588**
Total segment liabilities	**3,958,400**	**2,042,699**	**6,001,099**	**(1,938,194)**	**4,062,905**

	For the six months period ended June 30, 2017				
	Kuwait & GCC Countries	Africa	Total segments	Adjustments and Eliminations	Consolidated Segments
Revenues	3,486,822	227,361	3,714,183	(413,574)	3,300,609
Total segment assets	28,086,374	3,298,560	31,384,934	(7,454,303)	23,930,631
Total segment liabilities	3,962,774	2,325,543	6,288,317	(1,950,468)	4,337,849

14. 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.

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:

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**4,240**	**625,850**	**428,984**	**1,059,074**
Total	**4,240**	**625,850**	**428,984**	**1,059,074**

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

June 30, 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale	5,786	2,169,927	-	2,175,713
Total	5,786	2,169,927	-	2,175,713

Management of the Parent Company is of the view that no significant changes have occurred in fair values of the investment properties during the six months period ended June 30, 2018.

During the period ended June 30, 2018, there were no transfers between different levels of fair value measurement hierarchy.