

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2015
(UNAUDITED)**

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

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AND ITS SUBSIDIARIES
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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Mubarrad Transportation Co. K.S.C. - Public
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 June 30, 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 six-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 Entity". 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 during the period ended June 30, 2015 of any violations of the Companies Law No. 25 of 2012 and its subsequent amendments or of the Parent Company's Articles of Association and Article of Incorporation that might have materially affected the Group's financial position or result of its operations.

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State of Kuwait
July 28, 2015

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2015
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	June 30, 2015	December 31, 2014 (Audited)	June 30, 2014
Current assets:				
Cash and cash equivalent	3	5,756,781	1,004,224	2,747,924
Investment Deposit	4	1,000,000	-	400,000
Accounts receivable and other debit balances		1,329,277	1,395,346	1,436,204
Due from related parties	5	-	-	15,068
Inventories		552,233	439,901	347,282
		<u>8,638,291</u>	<u>2,839,471</u>	<u>4,946,478</u>
Assets classified as held for sale		-	3,700	10,975
Total current assets		<u>8,638,291</u>	<u>2,843,171</u>	<u>4,957,453</u>
Investments available for sale		1,794,442	2,066,693	2,192,100
Investment in associates	7	6,123,091	5,911,330	5,408,931
Investment properties		5,750,000	8,636,372	6,047,872
Property, plant and equipment		2,313,047	2,441,776	2,595,450
Goodwill		91,005	91,005	91,005
Total non-current assets		<u>16,071,585</u>	<u>19,147,176</u>	<u>16,335,358</u>
Total assets		<u>24,709,876</u>	<u>21,990,347</u>	<u>21,292,811</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Short term finance contract payable	8	1,761,920	1,814,565	1,764,250
Accounts payable and other credit balances		1,342,156	950,537	593,760
Due to related party	5	3,500	3,705	3,705
Total current liabilities		<u>3,107,576</u>	<u>2,768,807</u>	<u>2,361,715</u>
Provision for end of service indemnity		275,404	253,596	234,857
Total liabilities		<u>3,382,980</u>	<u>3,022,403</u>	<u>2,596,572</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		(19,431)	222,348	271,204
Group's share of changes in ownership interest of a subsidiary		1,588	1,588	1,588
Group's share of changes in other comprehensive income of associates		8,998	(3,545)	(15,491)
Foreign currency translation reserve		207,657	(202,475)	(323,795)
Retained earnings		4,343,274	2,167,553	2,171,039
Equity attributable to the Parent Company's shareholders		<u>21,251,391</u>	<u>18,894,774</u>	<u>18,624,931</u>
Non - controlling interests		75,505	73,170	71,308
Total equity		<u>21,326,896</u>	<u>18,967,944</u>	<u>18,696,239</u>
Total liabilities and equity		<u>24,709,876</u>	<u>21,990,347</u>	<u>21,292,811</u>

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information

Chairman
Abdullah Mohammed Al-Shaty



MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
<u>Continuing operations</u>					
Sales		436,795	219,664	775,534	475,479
Cost of sales		(369,815)	(160,791)	(636,230)	(324,064)
Gross profit		66,980	58,873	139,304	151,415
Revenue from transportation, leasing and maintenance		275,748	254,721	526,738	475,994
Cost of transportation, leasing and maintenance		(224,012)	(212,112)	(450,336)	(426,503)
Gross profit		51,736	42,609	76,402	49,491
Revenue from rental of stores		209,210	116,830	331,970	153,361
Cost of rental of stores		(48,838)	(1,387)	(95,096)	(3,375)
Gross profit		160,372	115,443	236,874	149,986
Total gross profit		279,088	216,925	452,580	350,892
General and administrative expenses		(136,697)	(205,860)	(449,617)	(367,585)
Provision for doubtful debts no longer required		43,100	4,936	44,100	11,236
Depreciation		(10,048)	(10,689)	(20,035)	(21,254)
Operating profit (loss)		175,443	5,312	27,028	(26,711)
Gain from sale of property, plant and equipment		749	-	4,554	-
Finance charges		(22,828)	(20,080)	(47,985)	(44,893)
Gain on sale of investments available for sale	9	-	-	2,686,704	29,800
Gain from bargain purchase for acquisition of associate	7	-	192,165	-	192,165
Share of result from associates	7	182,579	188,666	400,609	1,018,656
Change in fair value of investment properties		-	487,146	-	487,146
Foreign exchange gain (loss)		15,131	(91)	1,483	(423)
Interest income		51,334	5,435	55,086	10,848
Other income		19,175	3,918	23,152	12,057
Profit for the period from continuing operations		421,583	862,471	3,150,631	1,678,645
Loss for the period from discontinued operations	6	-	-	(26,559)	(10,009)
Profit for the period before contribution to Kuwait Foundation for the advancement of sciences (KFAS), Zakat and National Labor Support Tax (NLST)		421,583	862,471	3,124,072	1,668,636
Contribution to KFAS		(2,361)	(5,732)	(24,989)	(12,987)
Contribution to Zakat		(1,191)	(7,042)	(26,389)	(14,357)
Contribution to NLST		(9,248)	(21,661)	(76,463)	(41,915)
Net profit for the period		408,783	828,036	2,996,231	1,599,377
Attributable to:					
Shareholders of the Parent Company		407,504	827,420	2,994,185	1,598,762
Non - controlling interests		1,279	616	2,046	615
Net profit for the period		408,783	828,036	2,996,231	1,599,377
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to shareholders of the parent company	10	2.49	5.05	18.29	9.77

The accompanying notes (1) to (12) 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 CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2015	2014
Cash flows from operating activities:		
Profit for the period from continuing operations before contribution to KFAS, Zakat and NLST	3,150,631	1,678,645
Loss for the period from discontinued operations before contribution to KFAS, Zakat and NLST	(26,559)	(10,009)
Adjustments:		
Depreciation	141,027	176,873
Provision for doubtful debts no longer required	(44,100)	(11,236)
Gain from sale of property, plant and equipment	(4,554)	-
Gain from sale of investments available for sale	(2,686,704)	(29,800)
Share of results from associates	(400,609)	(1,018,656)
Gain from bargain purchase for acquisition of associate	-	(192,165)
Change in fair value of investment properties	-	(487,146)
Loss from sale of assets classified as held for sale	-	9,353
Finance charges	47,985	44,893
Foreign currency translation adjustments	31	7,380
Interest income	(55,086)	(10,848)
Provision for end of service indemnity	35,136	26,261
	<u>157,198</u>	<u>183,545</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	70,537	(201,068)
Due from related parties	-	3,214
Inventories	(112,332)	65,691
Accounts payable and other credit balances	(433,121)	(40,528)
Changes related to discontinued operations	3,700	-
Cash (used in) generated from operations	(314,018)	10,854
Payment of KFAS	(12,488)	(5,968)
Payment of Zakat	(15,186)	(5,052)
Payment of NLST	(52,316)	(17,194)
Payment of end service indemnity	(13,328)	(8,948)
Net cash used in operating activities	<u>(407,336)</u>	<u>(26,308)</u>
Cash flows from investing activities:		
Net movement in investment deposit	(1,000,000)	1,350,000
Paid for purchase of property, plant and equipment	(13,168)	(2,823)
Paid for additions of investment property	-	(10,123)
Proceeds from sale of investment in an associate	3,329,760	-
Cash dividend received from associate	296,264	299,964
Paid for acquisition of associate	-	(282,594)
Proceeds from sale of assets classified as held for sale	-	20,647
Proceeds from sale of property, plant and equipment	5,424	-
Proceeds from sale of investments available for sale	2,717,171	213,902
Interest income received	55,086	10,848
Net cash generated from investing activities	<u>5,390,537</u>	<u>1,599,821</u>
Cash flows from financing activities:		
Changes related to discontinued operations	(129,809)	-
Net movement in finance contracts payable	(100,630)	(100,630)
Net movement in due to related party	(205)	-
Net cash used in financing activities	<u>(230,644)</u>	<u>(100,630)</u>
Net increase in cash and cash equivalent	4,752,557	1,472,883
Cash and cash equivalent at beginning of the period	1,004,224	1,275,041
Cash and cash equivalent at end of the period	<u>5,756,781</u>	<u>2,747,924</u>

The accompanying notes (1) to (12) 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 JUNE 30, 2015
 (All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of Parent Company

Mubarrad Transportation Company K.S.C. - Public (Parent Company) is a public shareholding company registered in Kuwait and was incorporated as per Article 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, as follows:

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 July 28, 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 June 30, 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

	June 30, 2015	December 31, 2014 (Audited)	June 30, 2014
Cash on hand and at banks	1,672,509	953,985	1,997,924
Short term bank deposit	4,084,272	-	750,000
Cash at investment portfolio	-	50,239	-
	<u>5,756,781</u>	<u>1,004,224</u>	<u>2,747,924</u>

4. Investment deposits

The effective interest rate on investment deposits is 1.15% per annum as of June 30, 2015 (December 31, 2014: Nil, June 30, 2014: 1.15%), these deposits have an average maturity of 180 days as of June 30, 2015 (December 31, 2014: Nil, June 30, 2014: 180 days).

5. 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:

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

	Other related parties	June 30, 2015	December 31, 2014 (Audited)	June 30, 2014
Due from related parties	-	-	-	15,068
Due to related party	3,500	3,500	3,705	3,705

Compensation to key management personnel

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Salaries and other benefits	12,635	11,250	26,135	22,500
Leave	1,077	1,619	2,997	3,219
Indemnity	1,295	1,079	2,575	2,146
	<u>15,007</u>	<u>13,948</u>	<u>31,707</u>	<u>27,865</u>

6. **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.

	Six months ended June 30, 2015	Six months ended June 30, 2014
Total sale value	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	<u>471,389</u>	<u>2,366</u>
Cost of disposal:		
Current Assets	40,253	4,825
Non current Assets	2,883,844	-
Total Assets	<u>2,924,097</u>	<u>4,825</u>
Current liabilities	2,732,098	1,211
Non current Liabilities	-	592
Total Liabilities	<u>2,732,098</u>	<u>1,803</u>
Net assets at disposal date	191,999	3,022
Share of from foreign currency translation reserve	315,522	-
Total Cost of disposal	<u>507,521</u>	<u>3,022</u>
Net loss from disposal	<u>(36,132)</u>	<u>(656)</u>

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The analysis of loss from discontinued operations is as follows:

	Six months ended June 30, 2015	Six months ended June 30, 2014
Revenue	14,302	30,834
Expenses	(4,729)	(40,187)
Profit (loss) for the period	9,573	(9,353)
Loss on sale	(36,132)	(656)
Loss from discontinued operations	<u>(26,559)</u>	<u>(10,009)</u>

Loss per share attributable to shareholders of the parent company had been computed for discontinued operations as follows:

	Six months ended June 30, 2015	Six months ended June 30, 2014
Loss for the period from discontinued operations	(26,559)	(10,009)
Weighted average number of shares outstanding	<u>163,692,769</u>	<u>163,692,769</u>
	<u>Fils</u>	<u>Fils</u>
Loss per share relating to shareholders of the Parent Company from discontinued operations	<u>(0.16)</u>	<u>(0.06)</u>

7. Investment in associates

The movement during the period / year is as follows:

	June 30, 2015	December 31, 2014 (Audited)	June 30, 2014
Balance at the beginning of the period / year	5,911,330	4,219,854	4,219,854
Additions	-	282,594	282,594
Cash dividends received from associates	(296,264)	(298,413)	(299,964)
Share of result from associates	400,609	1,411,644	1,018,656
Share of other comprehensive income from associates	12,543	11,372	(574)
Gain from bargain purchase	-	192,165	192,165
Foreign currency translation adjustments	94,873	92,114	(3,800)
Balance at the end of the period / year	<u>6,123,091</u>	<u>5,911,330</u>	<u>5,408,931</u>

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND ITS SUBSIDIARIES
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 (All amounts are in Kuwaiti Dinars)

8. Short term finance contracts

This item represent finance contracts installments as follows:

	June 30, 2015	December 31, 2014 (Audited)	June 30, 2014
Finance contracts installments	1,834,128	1,848,108	1,848,108
Less: Deferred finance charges	(72,208)	(33,543)	(83,858)
	<u>1,761,920</u>	<u>1,814,565</u>	<u>1,764,250</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..

9. 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).

10. 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:

	Six months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net profit for the period attributable to shareholders of the Parent Company	407,504	827,420	2,994,185	1,598,762
Weighted average number of shares outstanding	163,692,769	163,692,769	163,692,769	163,692,769
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to shareholders of the Parent Company	<u>2.49</u>	<u>5.05</u>	<u>18.29</u>	<u>9.77</u>

11. 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.

12. Segment information

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

Operating Activity	Description
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.

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 (All amounts are in Kuwaiti Dinars)

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

	Six months ended June 30, 2015			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenue	1,342,624	820,602	2,686,704	4,849,930
Total costs	(1,120,788)	(732,911)	-	(1,853,699)
Net profit for the period	221,836	87,691	2,686,704	2,996,231

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	21,217,425	2,119,847	7,544,442	(6,171,838)	24,709,876
Segment liabilities	4,810,230	551,172	-	(1,978,422)	3,382,980

	Six months ended June 30, 2014			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenue	1,807,634	480,549	62,724	2,350,907
Total costs	(306,250)	(408,198)	(37,082)	(751,530)
Net profit for the period	1,501,384	72,351	25,642	1,599,377

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	25,158,728	2,049,927	2,957,896	(8,873,740)	21,292,811
Segment liabilities	4,249,326	436,801	2,816,696	(4,906,251)	2,596,572