MUBARRAD HOLDING COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 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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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 September 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 nine months periods then ended, and the related interim condensed consolidated statements of changes in equity, and cash flows for the nine 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 nine months period ended September 30, 2018 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
November 7, 2018

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

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

ASSETS	Notes	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Current assets:				
Cash and cash equivalents	4	**2,476,995**	2,140,122	5,373,154
Investment deposits	5	**1,500,000**	4,000,000	-
Accounts receivable and other debit balances		**1,288,200**	2,209,214	1,021,212
Inventories		**598,148**	763,004	682,683
Total current assets		**5,863,343**	9,112,340	7,077,049
Non-current assets:				
Financial assets available for sale	6	-	1,002,100	2,911,263
Financial assets at fair value through profit or loss	7	**1,021,374**	-	-
Investment in an associate	9	**3,841,080**	3,815,271	3,781,901
Investment properties	10	**12,396,835**	8,349,003	8,748,675
Property, plant and equipment		**1,530,249**	1,568,270	1,582,029
Goodwill		**91,005**	91,005	91,005
Total non-current assets		**18,880,543**	14,825,649	17,114,873
Total assets		**24,743,886**	23,937,989	24,191,922
LIABILITIES AND EQUITY				
Current liabilities:				
Finance lease payables	11	**2,454,158**	1,830,090	1,802,518
Accounts payable and other credit balances		**1,532,619**	1,097,452	831,679
Due to a related party	12	**655**	700	700
Total current liabilities		**3,987,432**	2,928,242	2,634,897
Non-current liabilities:				
Finance lease payables	11	**605,422**	913,215	1,034,070
Provision for end of service indemnity		**417,849**	369,876	353,159
Total non-current liabilities		**1,023,271**	1,283,091	1,387,229
Total liabilities		**5,010,703**	4,211,333	4,022,126
Equity:				
Share capital		**16,369,277**	16,369,277	16,369,277
Statutory reserve		**777,717**	777,717	582,386
Treasury shares	13	**(164,962)**	-	-
Treasury shares reserve		**84,388**	84,388	84,388
Cumulative changes in fair value		-	15,072	16,808
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		**(1,783,789)**	(1,785,944)	(1,885,604)
Retained earnings		**4,274,629**	4,089,333	4,826,043
Equity attributable to Shareholders of the Parent Company		**19,676,722**	19,669,305	20,112,760
Non-controlling interests		**56,461**	57,351	57,036
Total equity		**19,733,183**	19,726,656	20,169,796
Total liabilities and equity		**24,743,886**	23,937,989	24,191,922

The accompanying notes from (1) to (18) 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 SEPTEMBER 30, 2018
(All amounts are in Kuwaiti Dinars)

	Notes	Three months period ended September 30,		Nine months period ended September 30,	
		2018	2017	**2018**	2017
Sales		**338,944**	367,510	**987,643**	1,048,506
Cost of sales		**(260,361)**	(276,300)	**(757,087)**	(761,213)
Gross profit		**78,583**	91,210	**230,556**	287,293
Revenues from transportation, leasing and maintenance operations		**167,570**	226,002	**584,681**	651,592
Cost of transportation, leasing and maintenance operations		**(134,226)**	(134,242)	**(395,202)**	(406,069)
Gross profit		**33,344**	91,760	**189,479**	245,523
Rental revenues		**429,545**	264,744	**912,899**	890,236
Rental costs		**(70,428)**	(57,682)	**(179,361)**	(166,298)
Gross profit		**359,117**	207,062	**733,538**	723,938
Total gross profit		**471,044**	390,032	**1,153,573**	1,256,754
General and administrative expenses		**(165,044)**	(163,434)	**(481,960)**	(560,391)
Provision no longer required		**-**	8,488	**-**	8,488
Depreciation		**(9,066)**	(9,690)	**(27,196)**	(28,985)
Operating profit		**296,934**	225,396	**644,417**	675,866
Net investment income		**86,896**	-	**144,541**	40,274
Share of results from an associate	9	**4,803**	72,238	**9,279**	205,273
Gain on sale of investment in an associate		**-**	320,943	**-**	1,662,922
Interest income		**21,204**	24,909	**70,099**	61,387
Finance charges		**(55,500)**	(52,178)	**(161,598)**	(164,108)
Foreign exchange (loss) / gain		**(1,181)**	103	**(2,458)**	6,305
Other income	14	**298,868**	96	**301,230**	10,659
Profit for the period before contributions to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		**652,024**	591,507	**1,005,510**	2,498,578
Contribution to KFAS		**(3,612)**	(5,263)	**(6,764)**	(22,442)
Contribution to NLST		**(15,696)**	(14,696)	**(25,323)**	(63,002)
Contribution to Zakat		**(5,904)**	(4,883)	**(8,015)**	(22,578)
Profit for the period		**626,812**	566,665	**965,408**	2,390,556
Attributable to:					
Shareholders of the Parent Company		**589,508**	564,724	**924,857**	2,385,478
Non-controlling interests		**37,304**	1,941	**40,551**	5,078
		626,812	566,665	**965,408**	2,390,556
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (Fils)	15	**3.60**	3.45	**5.65**	14.57

The accompanying notes from (1) to (18) 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 SEPTEMBER 30, 2018
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
Profit for the period	**626,812**	566,665	**965,408**	2,390,556
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	-	973	-	1,272
Transferred to consolidated statement of profit or loss upon sale of investment in associate	-	-	-	38,840
Exchange differences on translation of foreign operations	**2,281**	9,376	**2,155**	(74,292)
Other comprehensive income (loss) for the period	**2,281**	10,349	**2,155**	(34,180)
Total comprehensive income for the period	**629,093**	577,014	**967,563**	2,356,376
Attributable to:				
Shareholders of the Parent Company	**591,789**	575,053	**927,012**	2,351,273
Non-controlling interests	**37,304**	1,961	**40,551**	5,103
	629,093	577,014	**967,563**	2,356,376

The accompanying notes from (1) to (18) 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 SEPTEMBER 30, 2018
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company											
	Share capital	Statutory reserve	Treasury shares	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
Impact of adoption IFRS 9 at January 1, 2018 (Note 3)	-	-	-	-	(15,072)	-	-	-	78,903	63,831	(10)	63,821
Balance as at January 1, 2018 (Restated)	16,369,277	777,717	-	84,388	-	1,588	117,874	(1,785,944)	4,168,236	19,733,136	57,341	19,790,477
Profit for the period	-	-	-	-	-	-	-	-	924,857	924,857	40,551	965,408
Total other comprehensive income for the period	-	-	-	-	-	-	-	2,155	-	2,155	-	2,155
Total comprehensive income for the period	-	-	-	-	-	-	-	2,155	924,857	927,012	40,551	967,563
Purchase of treasury shares	-	-	(164,962)	-	-	-	-	-	-	(164,962)	-	(164,962)
Cash dividends - 5% (Note 16)	-	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(41,431)	(41,431)
Balance at September 30, 2018	**16,369,277**	**777,717**	**(164,962)**	**84,388**	-	**1,588**	**117,874**	**(1,783,789)**	**4,274,629**	**19,676,722**	**56,461**	**19,733,183**
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	-	-	-	-	-	-	-	-	2,385,478	2,385,478	5,078	2,390,556
Total other comprehensive income (loss) for the period	-	-	-	-	1,247	-	60,812	(74,292)	(21,972)	(34,205)	25	(34,180)
Total comprehensive income (loss) for the period	-	-	-	-	1,247	-	60,812	(74,292)	2,363,506	2,351,273	5,103	2,356,376
Cash dividends - 5% (Note 16)	-	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Balance at September 30, 2017	16,369,277	582,386	-	84,388	16,808	1,588	117,874	(1,885,604)	4,826,043	20,112,760	57,036	20,169,796

The accompanying notes from (1) to (18) form an integral part of the interim condensed consolidated financial information.

	Notes	Nine months ended September 30, 2018	2017
Cash flows from operating activities:			
Profit for the period before contributions to KFAS, NLST and Zakat		**1,005,510**	2,498,578
Adjustments for:			
Depreciation		**40,583**	44,759
Provision no longer required		**-**	(8,488)
Gain on sale of property, plant and equipment		**-**	(3,149)
Net investment income		**(144,541)**	(40,274)
Share of results from an associate	9	**(9,279)**	(205,273)
Gain on sale of investment in an associate		**-**	(1,662,922)
Interest income		**(70,099)**	(61,387)
Finance charges		**161,598**	164,108
Provision for end of service indemnity		**52,838**	41,356
		1,036,610	767,308
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**594,442**	(167,377)
Net movement in related parties		**(45)**	3,821
Inventories		**164,856**	39,898
Accounts payable and other credit balances		**(357,319)**	(415,352)
Cash flows generated from operations		**1,438,544**	228,298
Payment for end of service indemnity		**(4,865)**	(6,278)
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)**	(30,000)
Net cash flows generated from operating activities		**1,319,386**	148,416
Cash flows from investing activities:			
Net decrease in investment deposits		**2,500,000**	1,650,000
Paid for addition of property, plant and equipment		**(2,562)**	(6,449)
Proceeds from sale of investment in an associate		**-**	3,267,706
Proceeds from sale of property, plant and equipment		**-**	3,150
Paid for addition of investment properties	10	**(2,300,000)**	-
Proceeds from sale of financial assets at fair value through profit or loss		**122,220**	-
Proceeds from sale of financial assets available for sale		**-**	183,731
Payment for acquisition of a subsidiary, net of cash acquired	8	**(958,497)**	-
Dividend income received		**45,000**	-
Interest income received		**60,052**	73,494
Net cash flows (used in) generated from investing activities		**(533,787)**	5,171,632
Cash flows from financing activities:			
Paid to finance lease installments		**340,994**	(354,277)
Purchase of treasury shares		**(164,962)**	-
Cash dividend paid		**(446,234)**	(814,520)
Finance charges paid		**(186,317)**	(147,780)
Net cash flows used in financing activities		**(456,519)**	(1,316,577)
Net foreign exchange difference		**7,793**	(60,403)
Net increase in cash and cash equivalents		**336,873**	3,943,068
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	**2,476,995**	5,373,154

The accompanying notes from (1) to (18) 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 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 November 7, 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 September 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 FVTPL

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:

- 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 September 30, 2018.

- 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 financial assets 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 FVTPL	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 January 1, 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

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Cash on hand and at banks	**1,476,995**	1,265,122	5,373,154
Short term bank deposits	**1,000,000**	875,000	-
	2,476,995	2,140,122	5,373,154

The effective profit rate on short term bank deposits was 2.75% per annum (December 31, 2017: 1.75%, September 30, 2017: Nil).

5. Investment deposits
The effective rate of return investment deposits was 2.75% per annum (December 31, 2017: 2.72%, September 30, 2017: 2.25%), these deposits have an average maturity range of 94 to 181 days (December 31, 2017: 94 to 181 days, September 30, 2017: 188 days).

6. Financial assets available for sale

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Quoted:			
Equity securities	-	4,988	6,759
Unquoted:			
Equity securities	-	334,691	241,001
Investment portfolios and funds	-	662,421	2,663,503
	-	997,112	2,904,504
	-	1,002,100	2,911,263

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 7).

7. Financial assets at fair value through profit or loss

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Quoted:			
Equity securities	**4,240**	-	-
Unquoted:			
Equity securities	**428,984**	-	-
Investment portfolios and funds	**588,150**	-	-
	1,017,134	-	-
	1,021,374	-	-

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 6).

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

8. Acquisition of a subsidiary

On March 2017, the Parent Company acquired 25% equity interest in Insha'a National Real Estate - Sole Proprietorship as a part of return for its equity interest (50%) in Insha'a Holding Company.

The equity interest in Insha'a National Real Estate – Sole Proprietorship was valued at KD 358,631 based on the valuation performed by independent valuers on the date of disposal of the associate-Insha'a Holding Company.

On April 12, 2018, the Group acquired the remaining 75% ownership interests in the subsidiary, by entering into an agreement with the Ultimate Parent Company - A'ayan Leasing and Investment Group K.S.C. (Public).

During the period ended September 30, 2018, the ownership interests in the subsidiary was accounted by the acquisition method of accounting which is as follows:

Name of subsidiary	Country of incorporation	Principal activities	Date of acquisition	Ownership interest acquired	Consideration transferred (KD)
Inshaa' National Real Estate -Sole proprietorship	State of Kuwait	Real estate	March 31, 2018	100%	1,140,745
					1,140,745

(a) Net identifiable assets of an acquired subsidiary on acquisition date:

	March 31, 2018
Assets	
Cash at banks	**182,248**
Accounts receivable and other debit balances	**22,012**
Investment property	**1,320,000**
Total assets	**1,524,260**
Liabilities	
Accounts payable and other credit balances	**3,016**
Net identifiable assets as on the date of acquisition	**1,521,244**

(b) Gain on bargain purchase arising on acquisition:

	Total
Total consideration transferred	1,140,745
Add: Fair value of previously held equity interest in acquiree on acquisition date	358,631
Less: Total fair value of net identifiable assets acquired	(1,521,244)
Gain from bargain purchase arising on acquisition *	**(21,868)**

* Classified within net investment income in the consolidated statement of profit and loss.

(c) Net cash outflow on acquisition of the subsidiary:

	Total
Consideration paid	1,140,745
Less: cash and cash equivalent balances of subsidiaries acquired on acquisition	(182,248)
Net cash outflow on acquisition	**958,497**

9. Investment in an associate

The investment in associate consists of the following:

Name of the associate	Country of incorporation	Principal activities	Percentage of ownership	**September 30, 2018**	December 31, 2017 (Audited)	September 30, 2017
Oman Integral Logistics Co. - O.S.C.C.	Sultanate of Oman	Logistic services	50%	**3,841,080**	3,815,271	3,781,901

The movement during the period / year is as follows:

	September 30, 2018	December 31, 2017 (Audited)	September 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	**9,279**	138,432	205,273
Foreign currencies translation reserve	**16,530**	(50,242)	(150,453)
Balance at the end of the period / year	**3,841,080**	3,815,271	3,781,901

10. Investment properties

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
At January 1, 2018	**8,349,003**	8,609,102	8,609,102
Additions	**2,750,000**	-	-
Change in fair value	**-**	(394,946)	-
Effect of consolidation of a subsidiary	**1,320,000**	-	-
Foreign currency translation adjustments	**(22,168)**	134,847	139,573
At September 30, 2018	**12,396,835**	8,349,003	8,748,675

During the period ended September 30, 2018, the Parent Company purchased industrial plot No. (165) located at third Shuwaikh Industrial Area, Block (D), of an area 3,000 square meters, for a cash consideration of KD 2,750,000, of which KD 2,300,000 was paid during the period.

11. Finance lease payables

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Gross amount of Finance lease payables	**3,270,190**	2,966,058	3,117,229
Less: Unamortized future finance charges	**(210,610)**	(222,753)	(280,641)
Present value of finance lease payables	**3,059,580**	2,743,305	2,836,588

Analyzed by:	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Current portion	**2,454,158**	1,830,090	1,802,518
Non-current portion	**605,422**	913,215	1,034,070
Total present value of finance lease payables	**3,059,580**	2,743,305	2,836,588

The Parent Company renewed a finance lease agreement 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 annual rental payments, the first is due on April 30, 2019. The finance lease agreement is renewed annually till the full settlement of the finance lease liability, with a bargain purchase option upon the settlement of all contractual payments.

The leased asset is registered under the name of the creditor bank until the settlement of all 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.

12. 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	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
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	200,000
Due to a related party	**655**	-	**655**	700	700

Related party amounts presented in the interim condensed consolidated profit or loss statements are disclosed as a part of Note 8.

Key management remuneration

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2018	2017	**2018**	2017
Short term benefits	**25,979**	26,168	**81,859**	77,325
Termination benefits	**3,184**	1,940	**9,714**	5,760
	29,163	28,108	**91,573**	83,085

13. Treasury shares

	September 30, 2018	December 31, 2017 (Audited)	September 30, 2017
Number of shares	**2,760,644**	-	-
Percentage to paid up shares	**1.69%**	-	-
Market value (KD)	**204,288**	-	-
Cost (KD)	**164,962**	-	-

The Parent Company has allotted an amount equal to treasury shares balance from the available retained earnings as at the interim condensed consolidated financial information date, such amount will not be available for distribution during the treasury shares holding period.

14. Other income

During the period ended September 30, 2018, the Parent Company sold other assets, classified within other receivables, carried at an amount of KD 637,336 for KD 935,175 ; resulting in a gain of KD 297,839 ; which is part of the total amount of other income reported in the consolidated condensed statement of profit and loss for the period ended September 30, 2018.

15. 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 September 30,		For the nine months period ended September 30,	
	2018	2017	**2018**	2017
Profit for the period attributable to shareholders of the Parent Company	**589,508**	564,724	**924,857**	2,385,478
Number of shares outstanding	**Shares**	Shares	**Shares**	Shares
Weighted average number of issued shares	**163,692,769**	163,692,769	**163,692,769**	163,692,769
Less: Weighted average number of treasury shares	**(133,531)**	-	**(133,531)**	-
Weighted average number of outstanding shares	**163,559,238**	163,692,769	**163,559,238**	163,692,769
	Fils	Fils	**Fils**	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	**3.60**	3.45	**5.65**	14.57

16. 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.

17. 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 nine months period ended September 30, 2018			
	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Total**
Total revenues	603,377	989,255	1,417,989	3,010,621
Total costs	(491,316)	(904,881)	(649,016)	(2,045,213)
Profit for the period	112,061	84,374	768,973	965,408

	For the period ended September 30, 2018				
	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Eliminations**	**Total**
Total segment assets	3,133,602	2,328,006	28,814,363	(9,532,085)	24,743,886
Total segment liabilities	264,920	471,360	7,494,740	(3,220,317)	5,010,703

	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 nine months period ended September 30, 2017			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenues	663,447	1,011,828	2,910,367	4,585,642
Total costs	(501,973)	(907,277)	(785,836)	(2,195,086)
Profit for the period	161,474	104,551	2,124,531	2,390,556

	For the period ended September 30, 2017				
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Total segment assets	3,155,380	2,352,148	26,377,660	(7,693,266)	24,191,922
Total segment liabilities	257,958	521,938	5,208,799	(1,966,569)	4,022,126

Information related to Geographical locations is set out below:

	For the nine months period ended September 30, 2018				
	Kuwait & GCC Countries	**Africa**	**Total segments**	**Adjustments and Eliminations**	**Consolidated Segments**
Revenues	**3,245,787**	**357,904**	**3,603,691**	**(593,070)**	**3,010,621**
Total segment assets	**30,975,232**	**3,337,370**	**34,312,602**	**(9,568,716)**	**24,743,886**
Total segment liabilities	**6,280,162**	**1,950,858**	**8,231,020**	**(3,220,317)**	**5,010,703**

	For the nine months period ended September 30, 2017				
	Kuwait & GCC Countries	Africa	Total segments	Adjustments and Eliminations	Consolidated Segments
Revenues	4,872,632	329,776	5,202,408	(616,766)	4,585,642
Total segment assets	28,543,578	3,341,610	31,885,188	(7,693,266)	24,191,922
Total segment liabilities	3,703,185	2,285,510	5,988,695	(1,966,569)	4,022,126

18. 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:

September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**4,240**	**588,150**	**428,984**	**1,021,374**
Total	**4,240**	**588,150**	**428,984**	**1,021,374**

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

September 30, 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale	6,759	2,663,503	-	2,670,262
Total	6,759	2,663,503	-	2,670,262

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

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