

**MUBARRAD HOLDING COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(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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(UNAUDITED)
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Report on Review of Interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mubarrad Holding Company - K.S.C.P. (the "Parent Company") and its subsidiaries (Collectively the "Group") as of September 30, 2019, 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, statement 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, 2019 that might have had a material effect on the Parent Company's financial position or result of its operations.

State of Kuwait
November 11, 2019
Nayef M. Al-Bazie
License No. 91-A
RSM Albazie & Co.**THE POWER OF BEING UNDERSTOOD**
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MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

			December 31, 2018 (Audited)	September 30, 2018
<u>ASSETS</u>	<u>Notes</u>	<u>September 30, 2019</u>		
Current assets:				
Cash and cash equivalents	4	2,888,423	3,743,823	2,476,995
Investment deposits		-	-	1,500,000
Accounts receivable and other debit balances		1,203,070	1,107,904	1,288,200
Due from a related party	5	21,858	10,214	-
Inventories		518,306	580,839	598,148
Total current assets		4,631,657	5,442,780	5,863,343
Non-current assets:				
Financial assets at fair value through profit or loss		901,910	901,910	1,021,374
Investment in an associate	6	3,799,024	3,866,830	3,841,080
Investment properties		13,667,047	13,217,854	12,396,835
Property, plant and equipment		1,502,336	1,518,134	1,530,249
Goodwill		91,005	91,005	91,005
Total non-current assets		19,961,322	19,595,733	18,880,543
Total assets		24,592,979	25,038,513	24,743,886
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Lease liabilities	7	2,376,210	2,502,692	2,454,158
Accounts payable and other credit balances		1,256,267	1,429,163	1,532,619
Due to a related party	5	655	655	655
Total current liabilities		3,633,132	3,932,510	3,987,432
Non-current liabilities:				
Lease liabilities	7	130,849	499,844	605,422
Provision for end of service indemnity		480,104	429,689	417,849
Total non-current liabilities		610,953	929,533	1,023,271
Total liabilities		4,244,085	4,862,043	5,010,703
Equity:				
Share capital		16,369,277	16,369,277	16,369,277
Statutory reserve		955,086	955,086	777,717
Treasury shares	9	(671)	(476,135)	(164,962)
Treasury shares reserve		84,388	84,388	84,388
Other components of equity		(3,594)	(3,594)	1,588
Effect of changes in other comprehensive income of associate		117,874	117,874	117,874
Foreign currencies translation adjustments		(1,473,380)	(1,768,988)	(1,783,789)
Retained earnings		4,244,633	4,841,265	4,274,629
Equity attributable to Shareholders of the Parent Company		20,293,613	20,119,173	19,676,722
Non-controlling interests		55,281	57,297	56,461
Total equity		20,348,894	20,176,470	19,733,183
Total liabilities and equity		24,592,979	25,038,513	24,743,886

The accompanying notes from (1) to (11) form an integral part of the interim condensed consolidated financial information.

Abdullah Mohammed Al-Shatti
Chairman

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Sales		341,034	338,944	648,391	987,643
Cost of sales		(290,459)	(260,361)	(546,678)	(757,087)
Gross profit		50,575	78,583	101,713	230,556
Revenues from transportation, leasing and maintenance operations		121,471	167,570	386,468	584,681
Cost of transportation, leasing and maintenance operations		(96,474)	(134,226)	(298,798)	(395,202)
Gross profit		24,997	33,344	87,670	189,479
Rental revenues		435,139	429,545	1,296,701	912,899
Rental costs		(59,451)	(70,428)	(179,587)	(179,361)
Gross profit		375,688	359,117	1,117,114	733,538
Total gross profit		451,260	471,044	1,306,497	1,153,573
General and administrative expenses		(168,628)	(165,044)	(525,849)	(481,960)
Depreciation		(9,645)	(9,066)	(27,333)	(27,196)
Provision for doubtful debts no longer required		-	-	27,732	-
Operating profit		272,987	296,934	781,047	644,417
Net investment income		-	86,896	-	144,541
Share of results from associate	6	5,466	4,803	(75,404)	9,279
Return income		11,251	21,204	36,777	70,099
Finance charges		(44,762)	(55,500)	(148,563)	(161,598)
Foreign exchange gain (loss)		16,917	(1,181)	78,044	(2,458)
Other income		14,147	298,868	17,267	301,230
Profit for the period before contributions to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		276,006	652,024	689,168	1,005,510
Contribution to KFAS		(2,154)	(3,612)	(5,073)	(6,764)
Contribution to NLST		(7,164)	(15,696)	(17,740)	(25,323)
Contribution to Zakat		(2,483)	(5,904)	(5,817)	(8,015)
Profit for the period		264,205	626,812	660,538	965,408
Attributable to:					
Shareholders of the Parent Company		263,542	589,508	658,274	924,857
Non-controlling interests		663	37,304	2,264	40,551
		264,205	626,812	660,538	965,408
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (Fils)	8	1.61	3.60	4.09	5.65

The accompanying notes from (1) to (11) 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, 2019
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	<u>264,205</u>	<u>626,812</u>	<u>660,538</u>	<u>965,408</u>
Other comprehensive income:				
<u>Item that may be reclassified subsequently to consolidated statements of profit or loss:</u>				
Exchange differences on translating foreign operations	<u>45,247</u>	<u>2,281</u>	<u>295,608</u>	<u>2,155</u>
Other comprehensive income for the period	<u>45,247</u>	<u>2,281</u>	<u>295,608</u>	<u>2,155</u>
Total comprehensive income for the period	<u>309,452</u>	<u>629,093</u>	<u>956,146</u>	<u>967,563</u>
Attributable to:				
Shareholders of the Parent Company	<u>308,789</u>	<u>591,789</u>	<u>953,882</u>	<u>927,012</u>
Non-controlling interests	<u>663</u>	<u>37,304</u>	<u>2,264</u>	<u>40,551</u>
	<u>309,452</u>	<u>629,093</u>	<u>956,146</u>	<u>967,563</u>

The accompanying notes from (1) to (11) 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, 2019

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Shareholders of the Parent Company											
	Effect of changes in											
	Share capital	Statutory reserve	Treasury shares	Treasury shares reserve	Cumulative changes in fair value	Other components of equity	comprehensive income of associate	Foreign currencies translation adjustments	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance as of January 1, 2019	16,369,277	955,086	(476,135)	84,388	-	(3,594)	117,874	(1,768,988)	4,841,265	20,119,173	57,297	20,176,470
Profit for the period	-	-	-	-	-	-	-	-	658,274	658,274	2,264	660,538
Total other comprehensive income for the period	-	-	-	-	-	-	-	295,608	-	295,608	-	295,608
Total comprehensive income for the period	-	-	-	-	-	-	-	295,608	658,274	953,882	2,264	956,146
Bonus shares - 5% (Note 9)	-	-	475,464	-	-	-	-	-	(475,464)	-	-	-
Cash dividends - 5% (Note 9)	-	-	-	-	-	-	-	-	(779,442)	(779,442)	-	(779,442)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,280)	(4,280)
Balance as of September 30, 2019	16,369,277	955,086	(671)	84,388	-	(3,594)	117,874	(1,473,380)	4,244,633	20,293,613	55,281	20,348,894
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 as of January 1, 2018	-	-	-	-	(15,072)	-	-	-	78,903	63,831	(10)	63,821
Balance as of January 1, 2018	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 9)	-	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(41,431)	(41,431)
Balance as of 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

The accompanying notes from (1) to (11) form an integral part of the interim condensed consolidated financial information.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended September 30,	
		2019	2018
Cash flows from operating activities:			
Profit for the period before contributions to KFAS, NLST and Zakat		689,168	1,005,510
Adjustments for:			
Depreciation		44,004	40,583
Provision for doubtful debts no longer required		(27,732)	-
Net investment income		-	(144,541)
Share of results from associate	6	75,404	(9,279)
Return income		(36,777)	(70,099)
Finance charges		148,563	161,598
Provision for end of service indemnity		59,516	52,838
		<u>952,146</u>	<u>1,036,610</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(133,205)	594,442
Net movement in related parties		(32,172)	(45)
Inventories		62,533	164,856
Accounts payable and other credit balances		(147,080)	(357,319)
Cash flows generated from operations		<u>702,222</u>	<u>1,438,544</u>
Payment for end of service indemnity		(9,101)	(4,865)
Payment of KFAS		(15,814)	(17,413)
Payment of NLST		(48,084)	(48,062)
Payment of Zakat		(18,767)	(18,818)
Payment of Board for Directors' remuneration	9	(30,000)	(30,000)
Net cash flows generated from operating activities		<u>580,456</u>	<u>1,319,386</u>
Cash flows from investing activities:			
Net increase in investment deposits		-	2,500,000
Paid for the purchase of property, plant and equipment		(3,792)	(2,562)
Proceeds from sale of financial assets at fair value through profit or loss		-	122,220
Paid for addition of investment properties		-	(2,300,000)
Payment for acquisition of a subsidiary, net of cash acquired		-	(958,497)
Dividend income received		-	45,000
Interest income received		36,777	60,052
Net cash flows generated from (used in) investing activities		<u>32,985</u>	<u>(533,787)</u>
Cash flows from financing activities:			
Net movement in lease liabilities		(568,046)	340,994
Purchase of treasury shares		-	(164,962)
Dividends paid		(725,503)	(446,234)
Finance charges paid		(117,681)	(186,317)
Net cash flows used in financing activities		<u>(1,411,230)</u>	<u>(456,519)</u>
Foreign currencies translation adjustments		<u>(57,611)</u>	<u>7,793</u>
Net (decrease) increase in cash and cash equivalents		<u>(855,400)</u>	<u>336,873</u>
Cash and cash equivalents at the beginning of the period		<u>3,743,823</u>	<u>2,140,122</u>
Cash and cash equivalents at the end of the period	4	<u>2,888,423</u>	<u>2,476,995</u>

The accompanying notes from (1) to (11) form an integral part of the interim condensed consolidated financial information.

MUBARRAD HOLDING COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

SEPTEMBER 30, 2019

(All amounts are in Kuwaiti Dinars)

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 in the Parent Company's commercial registration on December 4, 2017.

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

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

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

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

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

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on November 11, 2019.

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, 2018 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. Other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending on December 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2018.

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

The Group has initially adopted IFRS 16 – Leases from January 1, 2019. A number of other new amendments effective from January 1, 2019 do not have a material effect on the Group's interim condensed consolidated financial information.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

Transition:

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying assets is of low value (low-value assets).

Leases previously classified as finance leases:

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from January 1, 2019.

Leases previously accounted for as operating leases:

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the above, the effect of adoption IFRS 16 as of January 1, 2019 is as follows:

	January 1, 2019
Assets:	
Investment properties	77,490
Property, plant and equipment	20,854
Prepaid expenses	(13,779)
Total assets	<u>84,565</u>
Liabilities:	
Lease liabilities	<u>84,565</u>
	<u>84,565</u>

The accounting policies of the Group upon adoption of IFRS 16 are as follows:

a) Right of use assets:

The Group recognises right of use assets at the commencement date of the lease (i.e. the date underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, except for right of use assets classified within investment properties as the group adopts the fair value model for its investment properties.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The carrying value of the right-of-use assets is classified within investment properties and property and equipment for KD 83,044 and KD 18,501 respectively in the interim condensed statement of financial position.

b) Lease liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payment (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index of a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and are recorded under lease liabilities in the interim condensed of statement of financial position.

c) Short-term leases and leases of low-value assets:

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

d) Significant judgment in determining the lease term of contracts with renewal options:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonable certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy).

4. Cash and cash equivalents

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Cash on hand and at banks	2,088,423	1,243,823	1,476,995
Short term bank deposits	800,000	2,500,000	1,000,000
	2,888,423	3,743,823	2,476,995

The effective rate of return on short term bank deposits ranged from 2.81% to 3.25% per annum (December 31, 2018: 2.81%, September 30, 2018: 2.75%).

5. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, board of directors, key management personnel, associate 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 parties	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Due from a related party	21,858	-	21,858	10,214	-
Investment property (real estate portfolio managed by a related party)	2,431,000	-	2,431,000	2,431,000	2,351,000
Financial assets at fair value through profit or loss	12,267	283,755	296,022	296,022	414,988
Due to a related party	655	-	655	655	655

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	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Key management remuneration				
Short term benefits	27,808	25,979	83,688	81,859
Termination benefits	2,920	3,184	9,450	9,714
	30,728	29,163	93,138	91,573

6. Investment in an associate

The investment in an associate consists of the following:

Name of the associate	Country of incorporation	Principal activities	Percentage of ownership	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Oman Integral Logistics Co. - O.S.C.C.	Sultanate of Oman	Logistic services	50%	3,799,024	3,866,830	3,841,080

The movement during the period / year is as follows:

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Balance at the beginning of the period / year	3,866,830	3,815,271	3,815,271
Group's share of results	(75,404)	32,633	9,279
Foreign currencies translation adjustments	7,598	18,926	16,530
Balance at the end of the period / year	3,799,024	3,866,830	3,841,080

7. Lease liabilities

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Gross amount of lease liabilities *	2,625,403	3,161,559	3,270,190
Less: Unamortized future finance charges	(118,344)	(159,023)	(210,610)
Present value of lease liabilities	2,507,059	3,002,536	3,059,580

	September 30, 2019	December 31, 2018 (Audited)	September 30, 2018
Analyzed by:			
Current portion	2,376,210	2,502,692	2,454,158
Non-current portion	130,849	499,844	605,422
Total present value of lease liabilities	2,507,059	3,002,536	3,059,580

* Include the impact of recognizing lease liabilities upon the adoption of IFRS 16 as of January 1, 2019 for an amount of KD 84,565.

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 June 30, 2020 with a bargain purchase option upon the complete settlement of the contractual payments. The finance lease agreement is renewed annually until 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 bank until the settlement of all contractual payments.

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On November 8, 2015, the Subsidiary Company - Takatof Real Estate Co. E.S.C. entered into a finance lease agreement 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 in the name of lending institution until the settlement of the contractual payments. The finance lease agreement carries annual interest rate at 7.277% plus LIBOR rate.

8. 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,	
	2019	2018	2019	2018
Profit for the period attributable to Shareholders of the Parent Company	263,542	589,508	658,274	924,857
	Shares	Shares	Shares	Shares
Number of outstanding shares	163,692,769	163,692,769	163,692,769	163,692,769
Less: Weighted average number of treasury shares	(10,537)	(133,531)	(2,779,805)	(133,531)
Weighted average number of outstanding shares	163,682,232	163,559,238	160,912,964	163,559,238
	Fils	Fils	Fils	Fils
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	1.61	3.60	4.09	5.65

9. Shareholders' Annual Ordinary General Assembly

The Shareholders' Annual Ordinary General Assembly held on April 08, 2019 approved the following:

- The consolidated financial statements for the year ended December 31, 2018,
- Cash dividends distribution of 5%, equivalent to 5 fils per share for a total amount of KD 779,442,
- 5% bonus shares through treasury shares, and
- Board of Directors' remuneration of KD 30,000.

The Shareholders' Annual Ordinary General Assembly held on April 22, 2018 approved the consolidated financial statements for the year ended December 31, 2017 and cash dividends distribution of 5%, equal 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.

10. 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 financial assets at fair value through profit or loss and investment properties.

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

For the nine months period ended September 30, 2019					
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment		Total
Total revenues	403,310	677,061	1,411,009		2,491,380
Total costs	(385,307)	(699,473)	(746,062)		(1,830,842)
Profit for the period	18,003	(22,412)	664,947		660,538

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	3,166,498	2,203,313	29,454,896	(10,231,728)	24,592,979
Segment liabilities	(356,837)	(475,732)	(6,533,462)	3,121,946	(4,244,085)

For the year ended December 31, 2018					
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	3,208,903	2,215,892	29,180,119	(9,566,401)	25,038,513
Segment liabilities	(298,456)	(415,899)	(7,239,734)	3,092,046	(4,862,043)

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

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

Information related to Geographical locations is set out below:

For the nine months period ended September 30, 2019					
	Kuwait & GCC Countries	Africa	Total segments	Adjustments and Eliminations	Consolidated Segments
Revenues	2,608,027	511,018	3,119,045	(627,665)	2,491,380
Segment assets	30,926,805	3,897,902	34,824,707	(10,231,728)	24,592,979
Segment Liabilities	(5,661,946)	(1,704,085)	(7,366,031)	3,121,946	(4,244,085)

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	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
Segment assets	30,975,232	3,337,370	34,312,602	(9,568,716)	24,743,886
Segment liabilities	(6,280,162)	(1,950,858)	(8,231,020)	3,220,317	5,010,703

11. Fair value measurement

The Group measures its financial assets at fair value through profit or loss 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, 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	<u>3,741</u>	<u>469,185</u>	<u>428,984</u>	<u>901,910</u>
December 31, 2018 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	<u>3,741</u>	<u>469,185</u>	<u>428,984</u>	<u>901,910</u>
September 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	<u>4,240</u>	<u>588,150</u>	<u>428,984</u>	<u>1,021,374</u>

Management of the Parent Company is of the view that no significant changes have occurred in fair values of the financial assets at fair value through profit or loss during the nine months period ended September 30, 2019.

During the period ended September 30, 2019, there were no transfers between different levels of fair value measurement hierarchy.