

**Arabi Group Holdings – K.S.C.P
Kuwait**

**Interim Condensed Consolidated
Financial Information
31 March 2016 (Unaudited)**

PKF

**Accountants &
business advisers**



Arabi Group Holdings– K.S.C.P
Kuwait
Interim Condensed Consolidated Financial Information
31 March 2016 (Unaudited)

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Arabi Group Holdings K.S.C.P
Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabi Group Holdings K.S.C.P (‘the Company’) and its subsidiaries (together called ‘the Group’), as of 31 March 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management 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 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, ‘Interim Financial Reporting’.


Emphasis of matter

We draw attention to note 3 to the interim condensed consolidated financial information regarding receivables from contract customers which are under legal dispute and contract in progress. The Group management is of the opinion that the carrying amount of assets will be recovered in full and are not impaired. The interim condensed consolidated financial information for the period ended 31 March 2016 does not include any adjustments that might results from uncertainties regarding the outcome of Court judgments and acceptance and completion of contracts.

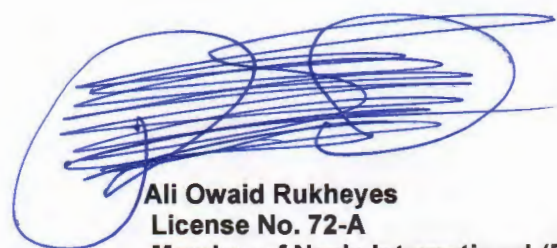
We draw attention to note 10 to the consolidated financial statements towards funds availed through a third party for Group’s investment in associate for which settlement arrangement with third party is under negotiation.

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 Company. We further report that, to the best of our knowledge and belief, no violations of the Company's Law No.1 of 2016, as amended, or of the Articles of Association of the Company have occurred during the three month period ended 31 March 2016 that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



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15 May 2016

Arabi Group Holdings – K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2016 (Unaudited)

Exhibit - A

	Note	Kuwaiti Dinars		
		31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Assets				
Current Assets				
Cash and cash equivalents		4,345,471	3,927,485	6,566,532
Trade and other receivables		61,821,432	57,741,970	125,635,581
Investment at fair value through profit or loss	5	5,546	5,658	7,029
Due from related parties		4,842,440	4,778,338	4,281,789
Contract in progress – due from customers		3,327,588	3,270,743	2,912,659
Inventories		24,211,401	24,627,668	27,441,624
		<u>98,553,878</u>	<u>94,351,862</u>	<u>166,845,214</u>
Non-current assets				
Investments available for sale	5	3,486,132	3,486,132	3,597,154
Investment in associate	6	69,304,770	69,304,770	1
Investment in properties	7	2,350,000	2,350,000	2,415,000
Investments in unconsolidated subsidiaries	8	552,282	551,774	601,131
Property and equipment		24,667,048	24,435,806	18,030,628
Goodwill		195,964	195,964	395,964
		<u>100,556,196</u>	<u>100,324,446</u>	<u>25,039,878</u>
Total assets		<u>199,110,074</u>	<u>194,676,308</u>	<u>191,885,092</u>
Liabilities and equity				
Current liabilities				
Bank overdrafts and promissory notes	9	20,240,619	24,691,347	20,420,591
Due to related parties		11,029,801	10,998,652	8,829,467
Trade and other payables	10	49,497,781	54,224,633	59,116,760
Term loans	11	49,051,471	34,968,938	34,312,117
		<u>129,819,672</u>	<u>124,883,570</u>	<u>122,678,935</u>
Non current liabilities				
Noncurrent portion of term loans	11	38,968,924	39,690,971	40,439,927
Post employment benefits		2,985,648	2,922,381	2,668,818
		<u>41,954,572</u>	<u>42,613,352</u>	<u>43,108,745</u>
Equity				
Attributable to the Company's shareholders				
Capital	12	16,472,594	16,472,594	14,975,085
Share premium		7,877,292	7,877,292	7,877,292
Statutory reserve		502,614	502,614	462,576
Voluntary reserve		502,614	502,614	462,576
Treasury share reserve		17,230	17,230	17,230
Revaluation reserve	13	2,223,931	2,223,931	2,223,931
Foreign currency translation adjustments		83,005	98,968	65,039
Fair valuation reserve		(1,743,063)	(1,743,063)	(1,632,041)
Retained earnings		596,991	593,679	2,057,939
Treasury shares	14	(1,381,525)	(1,381,525)	(1,381,525)
		<u>25,151,683</u>	<u>25,164,334</u>	<u>25,128,102</u>
Non-controlling interests		<u>2,184,147</u>	<u>2,015,052</u>	<u>969,310</u>
Total equity		<u>27,335,830</u>	<u>27,179,386</u>	<u>26,097,412</u>
Total liabilities and equity		<u>199,110,074</u>	<u>194,676,308</u>	<u>191,885,092</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Tareq Mohammed Al Maoushargi
Chairman

**Arabi Group Holdings – K.S.C.P
Kuwait**

**Interim Condensed Consolidated Statement of Income for the period ended 31 March 2016
(Unaudited)**

Exhibit - B

	Note	Kuwaiti Dinars	
		3 months ended 31 March	
		2016 (Unaudited)	2015 (Unaudited)
Sales		8,004,269	11,654,949
Contract revenue		11,784,995	12,514,984
		19,789,264	24,169,933
Cost of sales		(5,692,037)	(9,753,989)
Contract costs		(9,698,959)	(10,447,276)
		(15,390,996)	(20,201,265)
Gross profit		4,398,268	3,968,668
General and administrative expenses		(2,336,185)	(1,991,864)
Depreciation		(147,353)	(155,870)
Provision for doubtful debts		(38,144)	(4,427)
Provision for slow moving inventory		(57,824)	(32,415)
Profit from operations		1,818,762	1,784,092
Unrealized (loss) / gain from investments at fair value through profit or loss		(112)	97
Share of profit / (loss) of unconsolidated subsidiaries		508	(247)
Other income		447,987	447,848
Interest expenses		(2,074,887)	(1,922,029)
Profit before contribution to KFAS, Zakat and NLST		192,258	309,761
KFAS		(5,872)	(1,642)
Zakat		(7,075)	(5,182)
National Labour Support Tax (NLST)		(8,787)	(12,955)
Profit for the period		170,524	289,982
Attributable to:			
Equity holders of the Company		3,312	162,700
Non-controlling interests		167,212	127,282
		170,524	289,982
Basic and diluted earnings per share for the period (fils)	15	0.02	1.13

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Arabi Group Holdings – K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income for the period ended 31 March
2016 (Unaudited)

	Exhibit - C	
	Kuwaiti Dinars	
	3 months ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
Profit for the period	<u>170,524</u>	<u>289,982</u>
Other comprehensive income:		
Items that may be reclassified subsequently to income statement		
Change in foreign currency translation	<u>(14,080)</u>	<u>60,181</u>
Total comprehensive income for the period	<u>156,444</u>	<u>350,163</u>
Attributable to:		
Equity holders of the Company	<u>(12,651)</u>	<u>230,285</u>
Non-controlling interests	<u>169,095</u>	<u>119,878</u>
	<u>156,444</u>	<u>350,163</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Arabi Group Holdings – K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity for the period ended 31 March 2016 (Unaudited)

Exhibit – D

	Kuwaiti Dinars										Non controlling interest	Total Equity	
	Equity attributable to the Parent Company's Shareholders												
	Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares reserve	Revaluation reserve	Foreign currency translation adjustments	Fair valuation reserve	Retained Earnings	Treasury shares			Total
Balance at 31 December 2015- Audited	16,472,594	7,877,292	502,614	502,614	17,230	2,223,931	98,968	(1,743,063)	593,679	(1,381,525)	25,164,334	2,015,052	27,179,386
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	(15,963)	-	3,312	-	(12,651)	169,095	156,444
Balance at 31 March 2016-Unaudited	<u>16,472,594</u>	<u>7,877,292</u>	<u>502,614</u>	<u>502,614</u>	<u>17,230</u>	<u>2,223,931</u>	<u>83,005</u>	<u>(1,743,063)</u>	<u>596,991</u>	<u>(1,381,525)</u>	<u>25,151,683</u>	<u>2,184,147</u>	<u>27,335,830</u>
Balance at 31 December 2014- Audited	14,975,085	7,877,292	462,576	462,576	17,230	2,223,931	(2,546)	(1,632,041)	1,895,239	(1,381,525)	24,897,817	849,432	25,747,249
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	67,585	-	162,700	-	230,285	119,878	350,163
Balance at 31 March 2015-Unaudited	<u>14,975,085</u>	<u>7,877,292</u>	<u>462,576</u>	<u>462,576</u>	<u>17,230</u>	<u>2,223,931</u>	<u>65,039</u>	<u>(1,632,041)</u>	<u>2,057,939</u>	<u>(1,381,525)</u>	<u>25,128,102</u>	<u>969,310</u>	<u>26,097,412</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Arabi Group Holdings - K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Cash Flows for the period ended 31 March 2016
(Unaudited)

	Exhibit - E	
	Kuwaiti Dinars	
	3 months ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows – operating activities		
Profit for the period	170,524	289,982
<i>Adjustments for:</i>		
Depreciation	485,218	359,401
Gain on sale of property and equipment	(4,494)	(8,645)
Unrealized loss / (gain) from investments at fair value through profit or loss	112	(97)
Shares of (profit) /loss from unconsolidated subsidiaries	(508)	247
Interest expense	2,074,887	1,922,029
Operating profit before changes in working capital	2,725,739	2,562,917
Increase in trade and other receivables	(4,079,462)	(3,639,498)
Increase in due from related parties	(64,102)	(176,777)
(Increase) / decrease in due from customers for contract work	(56,845)	895,657
Decrease / (increase) in inventories	416,267	(3,195,955)
(Decrease) / increase in trade and other payables	(4,726,852)	4,528,869
Increase in due to related parties	31,149	478,920
Increase in post-employment benefits	63,267	171,581
Net cash (used in) / from operating activities	<u>(5,690,839)</u>	<u>1,625,714</u>
Cash flows from investing activities		
Purchase of property and equipment – net	(717,019)	(1,503,684)
Proceeds from sale of property and equipment	5,053	29,266
Net cash used in investing activities	<u>(711,966)</u>	<u>(1,474,418)</u>
Cash flow from financing activities		
(Decrease) / increase in bank overdrafts and promissory notes	(4,450,728)	1,407,048
Increase in term loans	13,360,486	2,840,338
Interest paid	(2,074,887)	(1,922,029)
Net cash from financing activities	<u>6,834,871</u>	<u>2,325,357</u>
Net increase in cash and cash equivalents	432,066	2,476,653
Effect of exchange rate changes on cash and cash equivalents	(14,080)	60,181
Cash and cash equivalents at the beginning of the period	<u>3,927,485</u>	<u>4,029,698</u>
Cash and cash equivalents at the end of the period	<u>4,345,471</u>	<u>6,566,532</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

1. Establishment and activities of the Company

Arabi Group Holdings K.S.C.P (the Parent Company) is a Kuwaiti shareholding company incorporated on 5 December 1982 and is listed on the Kuwait Stock Exchange. The registered office of the Parent Company is P.O. Box 4090, Safat, 13041, Kuwait and its principal activities are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and participating in the establishment of such companies
- Participating in the management of companies in which it owns shares.
- Lending money to companies in which it owns shares, and guaranteeing third party loans in companies where it owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies within or outside the State of Kuwait.
- Owning real estate and movable property to conduct its operations.

The Parent Company and its subsidiaries: Arabi Company W.L.L., Arabi Engineering and Mechanical Works Company W.L.L. and Arabi Enertech Co. KSCC are collectively referred to as "the Group" in this interim condensed consolidated financial information.

The Companies Law issued on 24 January 2016 pursuant to Decree of Law no.1 of 2016 (the "Companies Law"), has cancelled the Decree of Companies' Law no. 25 of 2012. The new Companies Law was published in the Official Gazette on 1 February 2016.

This interim condensed consolidated financial information was authorized for issue by the Board of Directors on 15 May 2016.

The annual financial statements of the Group for the year ended 31 December 2015 were approved by the Board of Directors on 31 March 2016 and are subject to approval of Shareholders at the forthcoming Annual General Meeting.

2. Basis of presentation

This 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 interim condensed consolidated financial information are consistent with those used in preparation of annual financial statements for the year ended 31 December 2015.

This interim condensed consolidated financial information does not contain all information and disclosures 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. Operating results for the three months ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the financial statements and notes thereto included in the Group's annual financial statements for the year ended 31 December 2015.

3. Critical accounting judgment and estimates

Receivable from contract customers and related parties

a) *Recoverability from contract customers – trade receivables & contract in progress*

(i) *Legal receivables*

The Group has receivables amount of KD 11,867,316 (31 December 2015: KD 11,622,121; 31 March 2015: KD 11,513,564) from contract customers which are under legal dispute. Presently, the matters are referred by Court and are under various stages. The Group's management is confident and it estimates that the carrying amount of the assets will be recovered in full and are not impaired.

(ii) *Non legal receivables*

The Group has net receivables amount of KD 1,561,508 (31 December 2015: KD 1,561,508; 31 March 2015: KD 1,689,220) from contract customers with respect to partly or completed contracts. The management is in the process of obtaining acceptance from the contract customers towards work executed and completing the contacts. The Group's management is confident and it estimates that the carrying amount of the assets will be recovered in full and is not impaired.

With respect to the above total receivables of KD 13,428,824 (31 December 2015: KD 13,183,629; 31 March 2015: KD 13,202,784); KD 10,897,946 (31 December 2015: KD 10,897,946; 31 March 2015: KD 10,725,814) is included in trade receivables and KD 2,530,878 (31 December 2015: KD 2,285,683; 31 March 2015: KD 2,476,970) is included in contract in progress.

4. Subsidiaries

The principal subsidiaries are:

Subsidiary	Country of incorporation	Percentage of Ownership		
		31 Mar 2016	31 Dec 2015	31 Mar 2015
Arabi Company WLL	Kuwait	100%	100%	100%
Arabi Engineering and Mechanical Works Company WLL	Kuwait	100%	100%	100%
Arabi Enertech Co KSCC	Kuwait	73.08%	73.08%	73.08%
Held through Arabi Company W.L.L.				
Gulf Services & Industrial Supplies Co.	Oman	100%	100%	100%
Arabi Company – Qatar W.L.L.	Qatar	100%	100%	100%
Altec Corporation Limited (Formerly Jayakrishna Aluminium Limited)	India	90.03%	90.03%	90.03%
Warba Mechanical Equipments L.L.C.	UAE Emirates	70%	70%	70%
Associate				
Kuwait Health Assurance Company	Kuwait	26%	26%	-
Agricultural Environmental Projects Company W.L.L	Kuwait	40%	40%	40%

Notes to the Interim Condensed Consolidated Financial Information – 31 March 2016 (Unaudited)

0.05% of the ownership in Arabi Company WLL and 0.20% of the ownership in Arabi Engineering and Mechanical Works Company WLL are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of these shares in the subsidiaries.

The Parent Company has consolidated the interim condensed financial information (unaudited) of all its subsidiaries which are been reviewed by independent auditors for the three months ended 31 March 2016 while preparing this interim condensed consolidated financial information (unaudited). Total assets of the subsidiaries amounted to KD 133,297,733 as of 31 March 2016 (31 March 2015: KD 122,336,244) and the subsidiaries net profit was KD 913,959 for the three months ended 31 March 2016 (31 March 2015: KD 765,644).

5. Investments

	Kuwaiti Dinars		
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Investments at fair value through profit & loss:			
Quoted securities held for trading	5,546	5,658	7,029
	<u>5,546</u>	<u>5,658</u>	<u>7,029</u>
Investments available for sale:			
Un quoted securities	3,486,132	3,486,132	3,597,154
	<u>3,486,132</u>	<u>3,486,132</u>	<u>3,597,154</u>

Unquoted investments of KD 2,210,869 (31 December 2015: KD 2,210,869; 31 March 2015: KD 2,210,869) are carried at cost less impairment loss as their fair value cannot be reliably measured.

6. Investment in associate

The Group has the following investment in associates:

Associates	Percentage of ownership	Kuwaiti Dinars		
		31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Kuwait Health Assurance Company KSCC	26%	69,304,769	69,304,769	-
Agricultural Environmental Projects Company W.L.L	40%	1	1	1
		<u>69,304,770</u>	<u>69,304,770</u>	<u>1</u>

Notes to the Interim Condensed Consolidated Financial Information – 31 March 2016 (Unaudited)

Following are the movement on investment in associates:

	Kuwaiti Dinars		
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Opening balance	69,304,770	1	1
Transfer from trade and other receivables	-	69,304,769	-
Closing balance	69,304,770	69,304,770	1

Kuwait Health Assurance Company KSCC (KHAC) in Kuwait

The Group has been awarded the bid to invest in the equity shares equivalent to 26% in establishing a new company – Kuwait Health Assurance Company (KHAC) in Kuwait as a strategic investor against tender issued from Kuwait Investment Authority (on behalf of the Government of Kuwait).

During the year 2015, all the formalities of establishing a new company (KHAC) have been completed and accordingly, the Group has accounted KD 69,304,769 as investment in associates as per IAS 28. Previously, it was disclosed as advance under trade and other receivables. Investment in associates includes the purchase price and other costs attributable to its acquisition.

The investment in associate is carried at initial cost which consists of KD 29,900,000 towards 50% of the share capital of KHAC subscribed by the Group, KD 35,880,000 towards amount paid by the Group as added value for winning the bid as a strategic investor for obtaining 26% the equity shares in KHAC, and KD 3,524,769 as other transaction costs.

The associate has not commenced its operation and the financial statements are not available to report Group's share in associate's net assets.

The Group has further commitment of KD 29,900,000 as its capital contribution towards balance 50% uncalled and unpaid share capital whenever it is called up by KHAC.

The Group has promise to mortgage entire 26% its share in KHAC against loans obtained by the Group as disclosed in note 11.

Agricultural Environmental Projects Company W.L.L

The Group does not recognize future profit/(loss), as its share of losses in associate exceeds its interest in the associate. The assets, liabilities, revenues and loss of associate are as follows:

	Kuwaiti Dinars			
	Assets	Liabilities	Revenue	Net (loss)/ profit
31 March 2016 (Unaudited)	2,343,549	2,814,156	42,682	(112,199)
31 December 2015 (Audited)	2,458,655	2,817,063	1,002,449	24,610
31 March 2015 (Unaudited)	2,678,638	3,163,401	157,233	(101,745)

7. Investment in properties

	Kuwaiti Dinars		
	31 March 2015 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Opening balance	2,350,000	2,415,000	2,415,000
Income on fair value of investment properties	-	(65,000)	-
Closing balance	<u>2,350,000</u>	<u>2,350,000</u>	<u>2,415,000</u>

The investment properties have been provided as security against term loan availed from the local bank.

8. Investment in unconsolidated subsidiaries

Name	Percentage of holding %	Kuwaiti Dinars		
		31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Daleel International Co. W.L.L.	100	-	-	-
Call to Connect India Private Limited	60	10,178	9,834	59,288
Workers Equity Holding – B.S.C. (Closed)	60	442,104	441,940	441,843
Mobivision Holding Company – B.S.C. (Closed)	60	-	-	-
Arabi Aviation Company	100	100,000	100,000	100,000
KEY BS JLT- WLL	100	-	-	-
		<u>552,282</u>	<u>551,774</u>	<u>601,131</u>

The Group has not consolidated these subsidiaries since they are not material to the interim condensed consolidated financial information. The Group's share of profit / (loss) from these subsidiaries for the three months ended 31 March 2016 has been recognised based on their management accounts.

9. Bank overdrafts and promissory notes

The effective interest rates on bank overdraft facilities and promissory notes were 2% to 4% per annum (31 December 2015: 2% to 4%; 31 March 2015: 2% to 4% per annum) over the Central Bank of Kuwait discount rate. A portion of these facilities amounting to KD 3,278,744 (31 December 2015: KD 3,373,499; 31 March 2015: KD 4,085,988) carries an effective interest rate of 2% to 7.5% (31 December 2015: 2% to 7.5%; 31 March 2015: 2% to 8%) per annum over three months LIBOR.

These facilities are secured by the personal guarantees of the shareholders, corporate guarantee of the Group and mortgage of Group's freehold land and buildings and assignment of contract proceeds in favour of the lending banks.

10. Trade and other payables

Trade and other payables includes KD 21,528,000 (31 December 2015: KD 21,528,000; 31 March 2015: KD 21,528,000) towards funds availed through a third party for Group's investment in associate KHAC. The settlement arrangement with third party is under negotiation.

11. Term loans

	Kuwaiti Dinars		
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Current			
Short term loans	37,584,663	23,842,708	23,043,043
Current portion of long term loans	11,466,808	11,126,230	11,269,074
	<u>49,051,471</u>	<u>34,968,938</u>	<u>34,312,117</u>
Non current			
Noncurrent portion of long term loans	38,968,924	39,690,971	40,439,927
	<u>88,020,395</u>	<u>74,659,909</u>	<u>74,752,044</u>

The effective interest rate on short term loans which are repayable within one year was 4% to 8% per annum (31 December 2015: 4% to 8%; 31 March 2015: 4% to 8% per annum). These loans are secured by the personal guarantees of shareholders, guarantees from the Company and certain receivables.

Long term loans carry an effective interest rate of 4% to 7.5% per annum (31 December 2015: 4% to 7.5%; 31 March 2015: 4% to 7.5% per annum). These loans are secured against guarantees from the Company, personal guarantee and shares of shareholders, mortgage of Group's properties, investment properties, certain contract receivables, mortgage of third party properties, term deposits of subsidiary, term deposits of related parties, part of proceeds from the receivables of subsidiaries and related parties and promise to mortgage entire 26% of Company's share of Kuwait Health Assurance Company KSCC. The portion of the loans maturing within one year from the financial position date is shown as a current liability.

12. Equity

The authorized share capital of the Company comprises of 164,725,945 shares of 100 fils each (31 December 2015: 164,725,945 and 31 March 2015: 149,750,859 shares of 100 fils each).

The issued and paid up share capital of the Company comprises of 164,725,945 of 100 fils each (31 December 2015: 164,725,945 and 31 March 2015: 149,750,859 shares of 100 fils each).

13. Revaluation reserve

Revaluation reserve represents the Parent Company's share of surplus arising on revaluation of one of the subsidiaries building and lease hold land. The management of the Group has decided to revalue said assets every five years.

14. Treasury shares

	Kuwaiti Dinars		
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Number of shares (share)	6,511,100	6,511,518	5,919,182
Percentage of issued shares (%)	3.95%	3.95%	3.95%
Market value (KD)	410,199	533,944	816,847
Cost (KD)	1,381,525	1,381,525	1,381,525

15. Earnings per share attributable to equity holders of the Company

Earnings per share based on the weighted average number of shares outstanding the period is as follows:

	Kuwaiti Dinars	
	3 months ended 31 March	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to equity holders of the Company	3,312	162,700
	Shares	Shares
Weighted average number of shares outstanding during the period	158,214,545	143,831,677
Earnings per share – Basic and diluted (fils)	0.02	1.13

16. Related party transactions

During the period ended 31 March 2016 the Group has entered into various transactions with related parties in the normal course of business including financing and other related services on terms approved by the management. Balances with related parties are disclosed in the statement of financial position. Transactions with related parties included in the condensed consolidated statement of income are as follows;

	Kuwaiti Dinars	
	3 months ended 31 March	
	2016 (Unaudited)	2015 (Unaudited)
Key management compensation	46,500	46,500
General and administrative expenses	15,750	15,750
Interest expenses	89,454	87,488

17. Segment information

The Group operating segments are determined based on the reports reviewed by the chief executive function that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operations segments meet the criteria for reportable segments and are follows:

- Retail operations : Consists of sale equipment and tools.
- Engineering operations : Consists of mechanical projects and sale of related equipment.
- Electrical operations : Consists of electrical projects and sale of related equipment.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The Group measures the performance of operating segments through measure of segment profit or loss net of taxes in management and reporting system.

The following table presents revenue and results information regarding the Group's reportable segment.

	Kuwaiti Dinars				Total
	Retail operations	Engineering operations	Electrical operations	Unallocated items and eliminations	
Three months ended 31 March 2016 (Unaudited)					
Segment revenue	<u>7,292,458</u>	<u>972,500</u>	<u>11,526,924</u>	<u>(2,618)</u>	<u>19,789,264</u>
Segment results	<u>245,726</u>	<u>28,703</u>	<u>639,530</u>	<u>(743,435)</u>	<u>170,524</u>
Three months ended 31 March 2015 (Unaudited)					
Segment revenue	<u>6,570,973</u>	<u>17,520,074</u>	<u>87,100</u>	<u>(8,214)</u>	<u>24,169,933</u>
Segment results	<u>241,069</u>	<u>505,328</u>	<u>19,247</u>	<u>(475,662)</u>	<u>289,982</u>

18. Contingent liabilities

The group was contingently liable in respect of the following

	Kuwaiti Dinars		
	31 March 2016 (Unaudited)	31 December 2015 (Audited)	31 March 2015 (Unaudited)
Documentary letters of credit	1,692,425	2,131,805	3,171,935
Letters of guarantees	48,886,986	47,591,837	43,543,724
Letters of acceptance	266,463	158,112	607,799
	<u>50,845,874</u>	<u>49,881,754</u>	<u>47,323,458</u>

19. General Assembly of Shareholders

The Annual General Assembly of Shareholders is not held for the year ended 31 December 2015 until the date of approving these interim condensed consolidated financial information and consequently, consolidated financial statements for the year ended 31 December 2015 are not approved yet. The interim condensed consolidated financial information for the three months period ended 31 March 2016 do not include any adjustments that could have been required in case the General Assembly of shareholders do not approve the consolidated financial statements for the year ended 31 December 2015. The Board of Directors recommended distribution of bonus shares of 5% on outstanding shares as at 31 December 2015. The proposed dividends, if approved, by the shareholders general assembly shall be payable to the shareholders registered in the Parent Company's records as of the date of the general assembly meeting.

20. Comparative figures

Certain prior period amounts have been reclassified to confirm with the current period presentation but with no effect on profit or equity.