

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

**Interim Condensed Consolidated
Financial Information
30 June 2015 (Unaudited)**

PKF

**Accountants &
business advisers**

AL – WAHA
AUDITING OFFICE
ALI OWAlD RUKHEYEES



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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 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 30 June 2015 does not include any adjustments that might results from uncertainties regarding the outcome of Court judgments and acceptance and completion of contracts.

Further we draw attention to note 5 to the interim condensed consolidated financial information towards funds availed through a third party for Group's payments in proposed establishment of a new company and the arrangement with third party are under process and negotiation.

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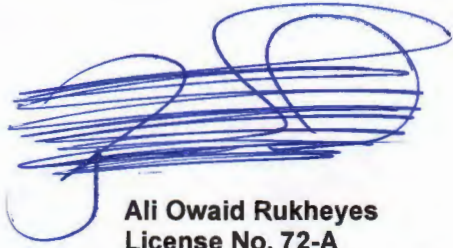
Report on other Legal and Regulatory Requirements

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.25 of 2012, as amended, or of the Articles of Association of the Company have occurred during the six month period ended 30 June 2015 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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Kuwait
13 August 2015



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Arabi Group Holdings – K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2015 (Unaudited)

Exhibit - A

	Note	Kuwaiti Dinars		
		30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Assets				
Current Assets				
Cash and cash equivalents		3,788,450	4,029,698	1,887,115
Trade and other receivables	5	120,530,016	121,996,083	113,904,476
Investment at fair value through profit or loss	6	6,049	6,932	8,584
Due from related parties		4,816,482	4,105,012	5,331,290
Contract in progress – due from customers		9,672,634	3,808,316	4,706,069
Inventories		24,697,677	24,245,669	18,607,975
		<u>163,511,308</u>	<u>158,191,710</u>	<u>144,445,509</u>
Non-current assets				
Investments available for sale	6	3,597,154	3,597,154	4,141,457
Investment in associate	7	1	1	1
Investment property	8	2,415,000	2,415,000	2,144,000
Investments in unconsolidated subsidiaries	9	604,829	601,378	589,897
Property and equipment		18,255,088	16,906,966	9,210,723
Goodwill		395,964	395,964	595,964
		<u>25,268,036</u>	<u>23,916,463</u>	<u>16,682,042</u>
Total assets		<u>188,779,344</u>	<u>182,108,173</u>	<u>161,127,551</u>
Liabilities and equity				
Current liabilities				
Bank overdrafts and promissory notes	10	19,529,713	19,013,543	18,614,201
Due to related parties		9,499,196	8,350,547	8,096,881
Trade and other payables	11	58,459,818	54,587,891	42,045,176
Term loans	12	36,883,282	48,922,130	43,424,231
		<u>124,372,009</u>	<u>130,874,111</u>	<u>112,180,489</u>
Non current liabilities				
Noncurrent portion of term loans	12	34,970,693	22,989,576	23,612,134
Post employment benefits		2,831,629	2,497,237	2,319,257
		<u>37,802,322</u>	<u>25,486,813</u>	<u>25,931,391</u>
Equity				
Attributable to the Company's shareholders				
Capital	13	16,472,594	14,975,085	14,261,986
Share premium		7,877,292	7,877,292	7,877,292
Statutory reserve		462,576	462,576	209,763
Voluntary reserve		462,576	462,576	209,763
Treasury share reserve		17,230	17,230	17,230
Revaluation reserve	14	2,223,931	2,223,931	1,430,016
Foreign currency translation adjustments		75,510	(2,546)	(98,553)
Fair valuation reserve		(1,632,041)	(1,632,041)	(1,582,659)
Retained earnings		914,311	1,895,239	1,359,266
Treasury shares	15	(1,381,525)	(1,381,525)	(1,381,525)
		<u>25,492,454</u>	<u>24,897,817</u>	<u>22,302,579</u>
Non-controlling interests		<u>1,112,559</u>	<u>849,432</u>	<u>713,092</u>
Total equity		<u>26,605,013</u>	<u>25,747,249</u>	<u>23,015,671</u>
Total liabilities and equity		<u>188,779,344</u>	<u>182,108,173</u>	<u>161,127,551</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
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Interim Condensed Consolidated Statement of Income for the period ended 30 June 2015 (Unaudited)

Exhibit - B

	Note	Kuwaiti Dinars		Kuwaiti Dinars	
		3 months ended 30 June		6 months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Sales		11,890,092	13,801,233	23,545,042	20,205,512
Contract revenue		13,741,235	6,039,567	26,256,220	13,014,465
		<u>25,631,327</u>	<u>19,840,800</u>	<u>49,801,262</u>	<u>33,219,977</u>
Cost of sales		(9,095,056)	(11,605,242)	(18,849,045)	(16,694,463)
Contract costs		(12,030,289)	(4,974,416)	(22,477,565)	(10,384,412)
		<u>(21,125,345)</u>	<u>(16,579,658)</u>	<u>(41,326,610)</u>	<u>(27,078,875)</u>
Gross profit		4,505,982	3,261,142	8,474,652	6,141,102
General and administrative expenses		(2,521,683)	(1,913,408)	(4,513,548)	(3,960,405)
Depreciation		(154,931)	(148,738)	(310,801)	(284,676)
Provision for doubtful debts		(319,975)	(6,502)	(324,403)	(13,022)
Provision for slow moving inventory		(47,923)	(32,295)	(80,338)	(64,596)
Profit from operations		<u>1,461,470</u>	<u>1,160,199</u>	<u>3,245,562</u>	<u>1,818,403</u>
Unrealized (loss)/gain from investments at fair value through profit or loss		(980)	(922)	(883)	21
Share of profit of unconsolidated subsidiaries		3,698	2,697	3,451	877
Other income		771,080	336,542	1,218,928	936,807
Interest expenses		(1,697,054)	(1,180,643)	(3,619,083)	(2,097,717)
Profit before contribution to KFAS, Zakat and NLST		538,214	317,873	847,975	658,391
KFAS		(3,695)	(2,281)	(5,337)	(4,997)
Zakat		(10,839)	(4,497)	(16,021)	(8,830)
National Labour Support Tax (NLST)		(27,098)	(11,241)	(40,052)	(22,074)
Profit for the period		<u>496,582</u>	<u>299,854</u>	<u>786,565</u>	<u>622,490</u>
Attributable to:					
Equity holders of the Company		353,880	235,420	516,581	519,308
Non-controlling interest		142,702	64,434	269,984	103,182
		<u>496,582</u>	<u>299,854</u>	<u>786,565</u>	<u>622,490</u>
Basic and diluted earnings per share for the period (fils)	16	<u>2.24</u>	<u>1.48</u>	<u>3.27</u>	<u>3.26</u>

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

Arabi Group Holdings – K.S.C.P
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Interim Condensed Consolidated Statement of Comprehensive Income for the period ended 30 June
2015 (Unaudited)

	Exhibit - C			
	Kuwaiti Dinars		Kuwaiti Dinars	
	3 months ended 30 June		6 months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Profit for the period	496,582	299,854	786,565	622,490
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Change in foreign currency translation	11,019	6,239	71,199	46
Total comprehensive income for the period	<u>507,601</u>	<u>306,093</u>	<u>857,764</u>	<u>622,536</u>
Attributable to:				
Equity holders of the Company	364,352	241,775	594,637	520,360
Non-controlling interest	143,249	64,318	263,127	102,176
	<u>507,601</u>	<u>306,093</u>	<u>857,764</u>	<u>622,536</u>

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

Arabi Group Holdings – K.S.C.P
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2015 (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 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
Issue of bonus shares note 13	1,497,509	-	-	-	-	-	-	-	(1,497,509)	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	78,056	-	516,581	-	594,637	263,127	857,764
Balance at 30 June 2015- Unaudited	16,472,594	7,877,292	462,576	462,576	17,230	2,223,931	75,510	(1,632,041)	914,311	(1,381,525)	25,492,454	1,112,559	26,605,013
Balance at 31 December 2013- Audited	14,261,986	7,877,292	209,763	209,763	17,230	1,430,016	(99,605)	(1,582,659)	839,958	(1,328,065)	21,835,679	610,916	22,446,595
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	1,052	-	519,308	-	520,360	102,176	622,536
Purchase of treasury shares note 15	-	-	-	-	-	-	-	-	-	(53,460)	(53,460)	-	(53,460)
Balance at 30 June 2014- Unaudited	14,261,986	7,877,292	209,763	209,763	17,230	1,430,016	(98,553)	(1,582,659)	1,359,266	(1,381,525)	22,302,579	713,092	23,015,671

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 30 June 2015
(Unaudited)

	Exhibit - E	
	Kuwaiti Dinars	
	6 months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flows – operating activities		
Profit for the period	786,565	622,490
<i>Adjustments for:</i>		
Depreciation and amortization	766,294	464,296
Gain on sale of property and equipment	9,880	(1,665)
Unrealized loss/(gain) from investments at fair value through profit or loss	883	(21)
Shares of profit from unconsolidated subsidiaries	(3,451)	(877)
Interest expense	3,619,083	2,097,717
Operating profit before changes in working capital	5,179,254	3,181,940
Decrease/(increase) in trade and other receivables	1,466,067	(39,209,881)
Increase in due from related parties	(711,470)	(275,301)
(Increase)/decrease in due from customers for contract work	(5,864,318)	675,113
Increase in inventories	(452,008)	(3,931,442)
Increase in trade and other payables	3,871,927	5,575,892
Increase in due to related parties	1,148,649	6,466,639
Increase in post employment benefits	334,392	109,345
Net cash from/(used in) operating activities	4,972,493	(27,407,695)
Cash flows from investing activities		
Purchase of property and equipment – net	(2,136,411)	(1,343,696)
Proceeds from sale of property and equipment	12,115	3,582
Acquisition of available for sale of investments	-	(930,000)
Net cash used in investing activities	(2,124,296)	(2,270,114)
Cash flows from financing activities		
Increase in bank overdrafts and promissory notes	516,170	1,325,039
(Decrease)/increase in term loans	(57,731)	31,226,138
Interest paid	(3,619,083)	(2,097,717)
Purchase of treasury shares	-	(53,460)
Net cash (used in)/from financing activities	(3,160,644)	30,400,000
Net (decrease)/increase in cash on hand and at banks	(312,447)	722,191
Effect of exchange rate changes on cash and cash equivalents	71,199	46
Cash and cash equivalents at the beginning of the period	4,029,698	1,164,878
Cash and cash equivalents at the end of the period	3,788,450	1,887,115

The accompanying notes are an integral part of this interim 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.

This interim condensed consolidated financial information was authorized for issue by the Board of Directors on 13 August 2015.

The annual financial statements of the Group for the year ended 31 December 2014 were approved at the Annual General Meeting held on 14 June 2015.

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 2014.

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 six months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. 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 2014.

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 11,516,236 (31 December 2014: KD 11,457,733; 30 June 2014: KD 10,486,059) 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 1,673,041 (31 December 2014: KD 1,689,220; 30 June 2014: KD 2,653,541) 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 13,189,277 (31 December 2014: KD 13,146,953; 30 June 2014: KD 13,139,600); KD 10,709,635 (31 December 2014: KD 10,725,814; 30 June 2014: KD 9,190,096) is included in trade receivables and KD 2,479,642 (31 December 2014: KD 2,421,139; 30 June 2014: KD 3,949,504) is included in contract in progress.

4. Subsidiaries

The principal subsidiaries are:

Subsidiary	Country of incorporation	Percentage of ownership		
		30 June 2015	31 Dec 2014	30 June 2014
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				
Agricultural Environmental Projects Company W.L.L.	Kuwait	40%	40%	40%

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 six months ended 30 June 2014 while preparing this interim condensed consolidated financial information (unaudited). Total assets of the subsidiaries amounted to KD 119,473,895 as of 30 June 2015 (30 June 2014: KD 91,866,171) and the subsidiaries net profit was KD 1,931,924 for the six months ended 30 June 2015 (30 June 2014: KD 622,765).

5. Trade and other receivables

The Group has been awarded a bid to invest the equity shares equivalent to 26% in establishing a new company – Kuwait Health Assurance Company (KHAC) in Kuwait against which it has total commitment of KD 97,474,000. As per bid terms, the Group is initially liable to pay KD 67,574,000 towards 50% called-up share capital against the proposed authorized capital, premium and commission. As of 30 June 2015, the Group has paid the entire initial commitment of KD 67,574,000 and is included in trade and other receivables. The said payment was mainly funded to the extent of KD 39,714,000 by availing term loans from bank, KD 5,980,000 from related parties and KD 21,528,000 through third party (note 11). The formalities of establishing a new company and Group's share of interest in it and the arrangement with third party are under process and negotiation.

6. Investments

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Investments at fair value through profit & loss:			
Quoted securities held for trading	6,049	6,932	8,584
	<u>6,049</u>	<u>6,932</u>	<u>8,584</u>
Investments available for sale:			
Unquoted securities	3,597,154	3,597,154	4,141,457
	<u>3,597,154</u>	<u>3,597,154</u>	<u>4,141,457</u>

Unquoted investments of KD 2,210,869 (31 December 2014: KD 2,210,869; 30 June 2014: KD 2,679,500) are carried at cost less impairment loss as their fair value cannot be reliably measured.

7. Investment in associate

Agricultural Environmental Projects Company W.L.L

This represents the Group's share of investments in associates accounted for using the equity method.

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Opening balance	1	1	1
Group's share of loss - on post recognition and acquisition as associate	-	-	-
Closing balance	<u>1</u>	<u>1</u>	<u>1</u>

The Group does not recognize future loss, as its share of losses in associate exceeds its interest in the associate. The shares of associate are not publicly listed on a stock exchange and hence published price quotes are not available. The assets, liabilities, revenues and loss of associate are as follows:

Arabi Group Holdings – K.S.C.P
Kuwait

Notes to the Interim Condensed Consolidated Financial Information – 30 June 2015 (Unaudited)

	Kuwaiti Dinars			
	Assets	Liabilities	Revenue	Net (loss)/profit
30 June 2015 (Unaudited)	2,631,740	3,268,298	299,470	(253,541)
31 December 2014 (Audited)	2,596,768	2,979,754	1,499,560	10,614
30 June 2014 (Unaudited)	2,683,600	3,090,166	780,039	(27,964)

8. Investment property

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Opening balance	2,415,000	2,144,000	2,144,000
Income on fair value of investment properties	-	271,000	-
Closing balance	<u>2,415,000</u>	<u>2,415,000</u>	<u>2,144,000</u>

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

9. Investment in unconsolidated subsidiaries

Name	Percentage of holding %	Kuwaiti Dinars		
		30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Daleel International Co. W.L.L.	100	-	-	-
Call to Connect India Private Limited	60	62,888	59,288	40,858
Workers Equity Holding – B.S.C. (Closed)	60	441,941	442,090	449,039
Mobivision Holding Company – B.S.C. (Closed)	60	-	-	-
Arabi Aviation Company	100	100,000	100,000	100,000
KEY BS JLT- WLL	100	-	-	-
		<u>604,829</u>	<u>601,378</u>	<u>589,897</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 from these subsidiaries for the six months ended 30 June 2015 has been recognised based on their management accounts.

10. Bank overdrafts and promissory notes

The effective interest rates on bank overdraft facilities and promissory notes were 2% to 4% per annum (31 December 2014 and 30 June 2014 ranging from 2% to 4% per annum) over the Central Bank of Kuwait discount rate. A portion of these facilities amounting to KD 3,217,252 (31 December 2014: KD 4,083,939; 30 June 2014: KD 4,177,555) carries an effective interest rate of 2% to 8% (31 December 2014: 2% to 8%; 30 June 2014: 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.

11. Trade and other payables

Trade and other payables includes KD 21,528,000 towards funds availed through a third party for Group's payment for KHAC (note 5).

12. Term loans

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Current			
Short term loans	19,638,679	45,614,340	39,961,839
Current portion of long term loans	17,244,602	3,307,790	3,462,392
	<u>36,883,281</u>	<u>48,922,130</u>	<u>43,424,231</u>
Non current			
Noncurrent portion of long term loans	34,970,693	22,989,576	23,612,134
	<u>71,853,975</u>	<u>71,911,706</u>	<u>67,036,365</u>

The effective interest rate on short term loans which are repayable within one year was 4% to 8% per annum (31 December 2014: 4% to 8%; 30 June 2014: 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 2014: 4% to 7.5%; 30 June 2014: 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 undertaking to mortgage entire 26% of Company's share of proposed Kuwait Health Assurance Company. The portion of the loans maturing within one year from the financial position date is shown as a current liability.

13. Equity

The authorized share capital of the Company comprises of 164,725,945 shares of 100 fils each (31 December 2014: 149,750,859 and 30 June 2014: 142,619,866 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 2014: 149,750,859 and 30 June 2014: 142,619,866 shares of 100 fils each).

Notes to the Interim Condensed Consolidated Financial Information – 30 June 2015 (Unaudited)

At an Extraordinary General Assembly held on 14 June 2015 the shareholders of the Parent Company resolved to amend the Articles of Association to increase the authorized share capital of the Parent Company from KD 14,975,085 (represented by 149,750,859 shares of 100 fils each) to KD 16,472,594 (represented by 164,725,945 shares of 100 fils each). This amendment was entered in the commercial register on 15 July 2015.

Bonus issue

At the Annual General Assembly held on 14 June 2015, the shareholders approved the Board of Directors recommendation to distribute bonus shares of 10% to shareholders registered in the Parent Company's records as of the date of Annual General Meeting.

14. 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.

15. Treasury shares

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Number of shares (share)	6,511,383	5,919,182	5,637,318
Percentage of issued shares (%)	3.95%	3.95%	3.95%
Market value (KD)	716,252	923,392	1,093,640
Cost (KD)	1,381,525	1,381,525	1,381,525

16. 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		Kuwaiti Dinars	
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company	353,880	235,420	516,581	519,308
	Shares	Shares	Shares	Shares
Weighted average number of shares outstanding during the period	158,214,562	159,088,627	158,214,562	159,085,201
Earnings per transactions – Basic and diluted (fils)	2.24	1.48	3.27	3.26

17. Related party transactions

During the period ended 30 June 2015 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		Kuwaiti Dinars	
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
Key management compensation	46,500	34,200	93,000	68,400
General and administrative expenses	15,750	-	31,500	-
Interest expenses	88,471	-	175,959	-

18. 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	
Six months ended 30 June 2015 (Unaudited)					
Segment revenue	15,195,794	34,453,835	163,769	(12,136)	49,801,262
Segment results	837,522	1,074,478	19,924	(1,145,359)	786,565
Six months ended 30 June 2014 (Unaudited)					
Segment revenue	13,780,571	19,336,437	112,983	(10,014)	33,219,977
Segment results	263,994	443,720	(84,949)	(275)	622,490

19. Contingent liabilities

The group was contingently liable in respect of the following

	Kuwaiti Dinars		
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2014 (Unaudited)
Documentary letters of credit	3,329,122	3,423,926	2,280,521
Letters of guarantees	45,667,075	43,693,751	32,170,158
Letters of acceptance	459,815	697,713	355,233
	<u>49,456,012</u>	<u>47,815,390</u>	<u>34,805,912</u>

20. General Assembly of Shareholders

The shareholders Annual General Assembly held on 14 June 2015 approved the annual audited consolidated financial statements for the year ended 31 December 2014 and approved the Board of Directors recommendation to distribute bonus shares of 10% to shareholders registered in the Parent Company's record as of the date of Annual General Meeting.