

**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 OWAIID 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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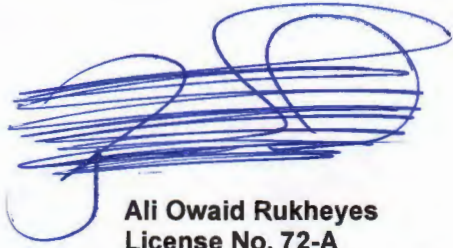
Report on other Legal and Regulatory Requirements

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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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
Kuwait

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
Kuwait

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.