EQUIPMENT HOLDING COMPANY
K.S.C.P. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2016

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF EQUIPMENT HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Equipment Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2016, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months period then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The 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" ("IAS 34"). 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 IAS 34.

Report on review of 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 and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association that have occurred during the six months period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

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MEMBER OF BAKER TILLY
INTERNATIONAL

23 August 2016
Kuwait

Equipment Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 KD	2015 KD	2016 KD	2015 KD
Revenue from sales and services	4	**4,163,676**	2,838,338	**7,109,287**	6,443,466
Cost of sales and services		**(6,065,739)**	(2,836,723)	**(9,221,698)**	(6,099,091)
GROSS (LOSS) PROFIT		**(1,902,063)**	1,615	**(2,112,411)**	344,375
Rental income		**35,382**	24,939	**62,669**	48,437
Investment property expenses		**(48,955)**	(19,970)	**(73,665)**	(34,714)
Unrealised gain on revaluation of investment properties	17	**1,465,821**	-	**1,465,821**	-
Realised gain on sale of financial assets available for sale		**23,310**	25,662	**23,442**	37,175
Dividend income		**-**	395	**29,951**	34,963
Provision for doubtful debts	7	**(167,772)**	(429,032)	**(167,772)**	(429,032)
Provision no longer required for directors remuneration		**-**	65,000	**-**	65,000
Other income		**123,193**	72,253	**228,539**	209,342
Foreign exchange gain (loss)		**32,790**	(60,119)	**18,948**	81,336
Depreciation		**(12,285)**	(12,546)	**(24,420)**	(24,608)
General and administrative expenses		**(83,556)**	(69,528)	**(144,846)**	(165,700)
Selling and distribution expenses		**(9,154)**	(16,246)	**(13,786)**	(34,569)
Staff costs		**(201,879)**	(232,784)	**(386,708)**	(495,576)
Finance costs		**(99,249)**	(62,533)	**(154,668)**	(120,802)
LOSS FOR THE PERIOD BEFORE CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND BOARD OF DIRECTORS' REMUNERATION		**(844,417)**	(712,894)	**(1,248,906)**	(484,373)
Reversal of provision for NLST		**-**	5,713	**-**	-
Reversal of provision for Zakat		**-**	2,285	**-**	-
Board of Directors' remuneration		**-**	(9,989)	**-**	(9,989)
LOSS FOR THE PERIOD		**(844,417)**	(714,885)	**(1,248,906)**	(494,362)
BASIC AND DILUTED LOSS PER SHARE	5	**(6.19) fils**	(5.24) fils	**(9.16) fils**	(3.62) fils

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2016

	Three months ended 30 June		*Six months ended 30 June*	
	2016 KD	*2015 KD*	***2016 KD***	*2015 KD*
LOSS FOR THE PERIOD	**(844,417)**	(714,885)	**(1,248,906)**	(494,362)
OTHER COMPREHENSIVE (LOSS) INCOME:				
Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:				
- Net unrealised (loss) gain on revaluation of financial assets available for sale	**(17,723)**	(134,201)	**24,279**	63,207
- Transferred to interim condensed consolidated statement of income on sale of financial assets available for sale	**(23,310)**	(25,662)	**(23,442)**	(37,175)
TOTAL OTHER COMPREHENISVE (LOSS) INCOME FOR THE PERIOD	**(41,033)**	(159,863)	**837**	26,032
TOTAL COMPREHENISVE LOSS FOR THE PERIOD	**(885,450)**	(874,748)	**(1,248,069)**	(468,330)

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

Equipment Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2016

	Notes	30 June 2016 KD	(Audited) 31 December 2015 KD	30 June 2015 KD
ASSETS				
Non-current assets				
Property and equipment		**12,366,450**	20,309,059	11,639,833
Investment properties		**1,013,500**	9,591,679	9,358,000
Financial assets available for sale		**732,610**	741,374	1,233,549
Accounts receivable and others	7	**456,134**	302,958	503,333
		14,568,694	30,945,070	22,734,715
Current assets				
Inventories	6	**2,657,531**	2,535,074	3,381,763
Work in progress		**51,752**	174,239	398,289
Accounts receivable and others	7	**5,337,401**	5,790,069	5,650,784
Bank balances and cash	8	**598,210**	935,810	828,806
		8,644,894	9,435,192	10,259,642
Assets classified as held for sale	17	**17,353,666**	-	-
		25,998,560	9,435,192	10,259,642
TOTAL ASSETS		**40,567,254**	40,380,262	32,994,357
EQUITY AND LIABILITIES				
Equity				
Share capital		**13,640,000**	13,640,000	13,640,000
Cumulative changes in fair values reserve		**99,221**	98,384	140,225
Revaluation reserve		**7,379,027**	7,379,027	7,608,691
Accumulated losses		**(5,060,630)**	(3,811,724)	(2,940,691)
Total equity		**16,057,618**	17,305,687	18,448,225
Non-current liabilities				
Employees' end of service benefits		**900,800**	911,189	863,552
Term loans	9	**5,715,002**	5,301,168	911,100
Murabaha payables	10	**-**	543,858	1,885,761
		6,615,802	6,756,215	3,660,413
Current liabilities				
Term loans	9	**3,562,257**	2,542,710	1,071,025
Murabaha payables	10	**2,733,182**	1,899,135	1,481,206
Accounts payable and accruals	11	**9,374,573**	10,056,718	6,741,452
Amount due to a related party	13	**1,814,153**	1,314,152	1,088,795
Bank overdrafts	8	**409,669**	505,645	503,241
		17,893,834	16,318,360	10,885,719
Total liabilities		**24,509,636**	23,074,575	14,546,132
TOTAL EQUITY AND LIABILITIES		**40,567,254**	40,380,262	32,994,357

Mohammad Ahmed Abdulkareem Alansari
Chairman

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2016

	Share capital KD	*Cumulative changes in fair values Reserve KD*	*Revaluation reserve KD*	*Accumulated losses KD*	*Total KD*
As at 1 January 2016 (Audited)	13,640,000	98,384	7,379,027	(3,811,724)	17,305,687
Loss for the period	-	-	-	(1,248,906)	(1,248,906)
Other comprehensive income for the period	-	837	-	-	837
Total comprehensive income (loss) for the period	-	837	-	(1,248,906)	(1,248,069)
As at 30 June 2016	**13,640,000**	**99,221**	**7,379,027**	**(5,060,630)**	**16,057,618**
As at 1 January 2015 (Audited)	13,640,000	114,193	7,608,691	(2,446,329)	18,916,555
Loss for the period	-	-	-	(494,362)	(494,362)
Other comprehensive income for the period	-	26,032	-	-	26,032
Total comprehensive income (loss) for the period	-	26,032	-	(494,362)	(468,330)
As at 30 June 2015	13,640,000	140,225	7,608,691	(2,940,691)	18,448,225

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2016

	Notes	Six months ended 30 June 2016 KD	2015 KD
OPERATING ACTIVITIES			
Loss for the period before NLST, Zakat and Directors' remuneration		**(1,248,906)**	(484,373)
Non-cash adjustments to reconcile loss for the period before NLST, Zakat and Directors' remuneration to net cash flows:			
Depreciation		**625,908**	306,001
Gain on sale of property and equipment		**(62,788)**	-
Unrealised gain on revaluation of investment properties	17	**(1,465,821)**	-
Realised gain on sale of financial assets available for sale		**(23,442)**	(37,175)
Dividend income		**(29,951)**	(34,963)
Provision for doubtful debts	7	**167,772**	429,032
Provision for employees' end of service benefits		**81,164**	81,507
Finance costs		**154,668**	120,802
		(1,801,396)	380,831
Changes in working capital:			
Inventories		**(122,457)**	(1,138,259)
Work in progress		**122,487**	216,777
Accounts receivable and others		**131,720**	(982,783)
Accounts payable and accruals		**(805,417)**	31,096
Amount due to a related party		**500,001**	(189,290)
Cash flows used in operating activities		**(1,975,062)**	(1,681,628)
Employees' end of service benefits paid		**(91,553)**	(32,706)
Net cash flows used in operating activities		**(2,066,615)**	(1,714,334)
INVESTING ACTIVITIES			
Additions to property and equipment		**(5,451)**	(138,133)
Proceeds from sale of property and equipment		**75,274**	-
Proceeds from sale of financial assets available for sale		**33,043**	53,790
Dividend income received		**29,951**	34,963
Net cash flows from (used in) investing activities		**132,817**	(49,380)
FINANCING ACTIVITIES			
Proceeds from term loans		**1,866,451**	2,176,549
Repayment of term loans		**(433,070)**	(123,000)
Proceeds from murabaha payables		**434,345**	230,619
Repayment of murabaha payables		**(144,156)**	(876,400)
Finance costs paid		**(31,396)**	(93,810)
Net cash flows from financing activities		**1,692,174**	1,313,958
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(241,624)**	(449,756)
Cash and cash equivalents at beginning of the period		**430,165**	775,321
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	**188,541**	325,565

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Equipment Holding Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the six months period ended 30 June 2016 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 23 August 2016.

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 25 May 1999 whose shares are listed on the Kuwait Stock Exchange.

The Parent Company's principal activities are as follows:

- Owning shares in Kuwaiti or non-Kuwaiti companies and participating in the establishment of these companies;
- Participating in the management of owned companies;
- Lending money to companies in which it owns interest, as guarantor on behalf of these companies;
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law; and
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies within or outside the State of Kuwait.

The address of the Parent Company's registered office is at P.O. Box 435, Safat 13005, Kuwait.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Non-current assets held for sale
The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3 BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the policy relating to non-current assets held for sale as mentioned in Note 2 above and the amendments and annual improvements to IFRS below:

3 BASIS OF PREPARATION (continued)

Annual Improvements 2012-2014 Cycle
This improvement is effective for annual periods beginning on or after 1 January 2016. It includes:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2015. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2015.

4 REVENUE FROM SALES AND SERVICES

	Three months ended 30 June		*Six months ended 30 June*	
	2016 KD	*2015 KD*	***2016 KD***	*2015 KD*
Sale of machinery and equipment	**579,551**	860,963	**1,007,210**	2,044,576
Revenue from construction services	**2,788,054**	1,383,307	**4,667,660**	3,307,628
Revenue from maintenance and leasing projects	**740,859**	482,214	**1,343,795**	932,274
Revenue from maintenance workshop	**55,212**	111,854	**90,622**	158,988
	4,163,676	2,838,338	**7,109,287**	6,443,466

5 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 June, the Parent Company has neither outstanding dilutive potential ordinary shares nor treasury shares.

The information necessary to calculate basic and diluted loss per share for the six months periods ended 30 June is as follows:

	Three months ended 30 June		*Six months ended 30 June*	
	2016	*2015*	***2016***	*2015*
Loss for the period (KD)	**(844,417)**	(714,885)	**(1,248,906)**	(494,362)
Weighted average number of shares outstanding during the period (Shares)	**136,400,000**	136,400,000	**136,400,000**	136,400,000
Basic and diluted loss per share	**(6.19) fils**	(5.24) fils	**(9.16) fils**	(3.62) fils

6 INVENTORIES

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Equipment for resale	**1,105,551**	838,917	2,872,673
Spare parts	**862,237**	1,329,516	928,708
Raw materials	**1,203,653**	794,954	-
	3,171,441	2,963,387	3,801,381
Provision for obsolete and slow moving inventories	**(556,801)**	(556,801)	(556,801)
	2,614,640	2,406,586	3,244,580
Goods in transit	**42,891**	128,488	137,183
	2,657,531	2,535,074	3,381,763

7 ACCOUNTS RECEIVABLE AND OTHERS

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Trade receivables and receivables from construction contracts, gross	**10,090,091**	8,950,969	9,347,535
Less: provision for trade receivables and receivables from construction contracts	**(5,882,098)**	(5,763,078)	(5,748,162)
Trade receivables and receivables from construction contracts, net	**4,207,993**	3,187,891	3,599,373
Retentions receivable	**845,663**	692,448	653,303
Accrued revenue	**28,856**	1,170,694	458,697
Other receivables	**449,103**	225,969	235,747
Advances to suppliers, gross	**380,473**	934,578	1,295,263
Less: provision for advances to suppliers	**(118,553)**	(118,553)	(88,266)
	5,793,535	6,093,027	6,154,117

The movement in the provision for doubtful debts during the periods/ year is as follows:

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
At the beginning of the periods/ year	**5,881,631**	5,407,396	5,407,396
Charge for the periods/ year	**167,772**	474,235	429,032
Written off during the periods/ year	**(48,752)**	-	-
At the end of the periods/ year	**6,000,651**	5,881,631	5,836,428

8 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Bank balances and cash	**598,210**	935,810	828,806
Bank overdrafts	**(409,669)**	(505,645)	(503,241)
	188,541	430,165	325,565

Bank overdrafts are granted to the Group by local banks to finance the working capital and the Group's activities. They are fully repayable on demand and carry interest at a rate of 4.75% (31 December 2015: 4.75% and 30 June 2015: 4.5%) per annum. The overdraft facilities are granted to the Group against a corporate guarantee provided by the Parent Company.

9 TERM LOANS

	Effective interest rate	*Maturity date*	*30 June 2016 KD*	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
*	4.25% above Central Bank of Kuwait discount rate	30 April 2020	**517,500**	561,000	687,000
**	2.5% above Central Bank of Kuwait discount rate	18 October 2016	**300,000**	500,000	500,000
**	4% above Central Bank of Kuwait discount rate	31 July 2020	**6,950,958**	6,283,384	595,125
**	2.5% above Central Bank of Kuwait discount rate	30 June 2017	**698,877**	-	-
**	3.25% above Central Bank of Kuwait discount rate	30 October 2016	**60,000**	200,000	200,000
**	4% above Central Bank of Kuwait discount rate	30 September 2018	**249,924**	299,494	-
**	4% above Central Bank of Kuwait discount rate	31 December 2016	**500,000**	-	-
			9,277,259	7,843,878	1,982,125

* This loan is denominated in Kuwaiti Dinar with a local bank and is secured against corporate guarantees provided by the Parent Company and one of Group's subsidiaries.

** These loans are denominated in Kuwaiti Dinar with local banks and are secured against corporate guarantees provided by the Parent Company.

9 TERM LOANS (continued)

During the current period, the management of the Parent Company renewed and rescheduled the repayment of some of its loan instalments according to new facilities agreements with various banks.

At 30 June 2016, machinery and equipment with a carrying value amounting to KD 5,566,981 (31 December 2015: KD 5,857,428 and 30 June 2015: KD Nil) are mortgaged as a security against a term loan obtained from a local financial institution.

10 MURABAHA PAYABLES

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Gross amount	**2,830,417**	2,562,019	3,529,958
Less: deferred profit	**(97,235)**	(119,026)	(162,991)
	2,733,182	2,442,993	3,366,967

Murabaha payables represent facilities obtained from local Islamic financial institutions on a deferred settlement basis for assets purchased under Islamic arrangements. These facilities carry profit at an average rate of 4.75% (31 December 2015: 4.75% and 30 June 2015: 4.5%) per annum.

At 30 June 2016, murabaha payables are secured against a pledge of certain financial assets available for sale with a carrying value of KD Nil (31 December 2015: KD Nil and 30 June 2015: KD 477,041), a leasehold land and a building which is classified as property and equipment with a carrying value of KD 7,309,666 (31 December 2015: KD 7,309,666 and 30 June 2015: KD 7,569,330) and an investment property with a carrying value of KD 8,578,179 (31 December 2015: KD 8,578,179 and 30 June 2015: KD 8,883,000).

On 26 July 2016, the Group has fully repaid its murabaha payables to the local Islamic financial institutions precedent to their original due dates at varying dates ending on 10 June 2017.

11 ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Trade payables	**5,427,265**	7,031,881	3,682,845
Notes payable	**1,398,005**	406,226	1,472,487
Advances received from customers	**578,847**	887,418	177,680
Accrued expenses	**425,188**	583,988	876,901
Staff payables	**655,479**	525,718	451,871
Provision for expected losses from contracts	**591,541**	285,061	-
Other liabilities	**298,248**	336,426	79,668
	9,374,573	10,056,718	6,741,452

12 ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly (AGM) meeting of the Parent Company's shareholders for the year ended 31 December 2015 was held on 18 July 2016 and approved the consolidated financial statements of the Group for the year ended 31 December 2015.

13 RELATED PARTY TRANSACTIONS

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

During the periods ended 30 June 2016 and 30 June 2015 there were no transactions with related parties included in the interim condensed consolidated statement of income.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	Major shareholder		
	30 June 2016	*(Audited) 31 December 2015*	*30 June 2015*
	KD	*KD*	*KD*
Amount due to a related party			
Specialities Group Holding Company K.S.C.P. *	**1,814,153**	1,314,152	1,088,795

Amount due to a related party is interest free and is repayable on demand.

* As at 30 June 2016, the Group was unable to settle the amount due to the related party amounting to KD 1,814,153. However, it subsequently sold an investment property to secure the liquidity needed to carry out its operations in the near term (Note 17). The total due amount of KD 1,814,153 is currently under negotiation to be fully settled in the coming period. The total amount is secured by a charge over a certain property owned by one of the Group's subsidiaries.

	Three months ended 30 June		*Six months ended 30 June*	
	2016	*2015*	***2016***	*2015*
	KD	*KD*	***KD***	*KD*
Compensation of key management personnel				
Salaries and other short term benefits	**32,165**	6,283	**62,331**	20,946

14 CONTINGENCIES AND COMMITMENTS

a) Contingencies

At 30 June 2016, the Group has been provided with bank guarantees issued in the ordinary course of business amounting to KD 17,999,864 (31 December 2015: KD 13,798,075 and 30 June 2015: KD 17,659,635) from which it is anticipated that no material liabilities will arise. The bank guarantees are secured by a corporate guarantee from the Parent Company.

14 CONTINGENCIES AND COMMITMENTS (continued)

b) Commitments

The Group has entered into operating leases with lease terms between three and five years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are, as follows:

	30 June 2016 KD	*(Audited) 31 December 2015 KD*	*30 June 2015 KD*
Operating lease commitments			
Future minimum lease payments:			
Within one year	**200,752**	157,312	85,312
After one year but less than five years	**803,008**	629,248	341,248
	1,003,760	786,560	426,560

15 SEGMENTAL INFORMATION

The Group has four operating segments: trading in construction equipment, contracting, real estate and investments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same accounting policies as those used in the annual consolidated financial statements of the Group as at 31 December 2015. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The following table presents information regarding revenues and results of the Group's business segments:

	Trading in construction equipment KD	*Contracting KD*	*Real estate KD*	*Investments KD*	*Total KD*
Period ended 30 June 2016					
Segment operating revenue	**1,007,210**	**6,102,077**	**1,528,490**	**53,393**	**8,691,170**
Segment results	**13,557**	**(884,471)**	**(10,995)**	**53,393**	**(828,516)**
Unallocated income					**184,699**
Unallocated expenses					**(605,089)**
Loss for the period					**(1,248,906)**
Period ended 30 June 2015					
Segment operating revenue	2,044,576	4,398,890	48,437	72,138	6,564,041
Segment results	288,023	(736,837)	13,723	72,138	(362,953)
Unallocated expenses					(131,409)
Loss for the period					(494,362)
As at 30 June 2016					
Assets	**12,535,442**	**8,892,112**	**1,013,500**	**732,610**	**23,173,664**
Assets held for sale	**7,309,666**	**-**	**10,044,000**	**-**	**17,353,666**
Unallocated assets					**39,924**
Total assets					**40,567,254**

15 SEGMENTAL INFORMATION (continued)

	Trading in construction equipment KD	*Contracting* KD	*Real estate* KD	*Investments* KD	*Total* KD
As at 30 June 2016 (continued)					
Liabilities	**13,366,350**	**6,225,862**	-	-	**19,592,212**
Unallocated liabilities					**4,917,424**
Total liabilities					**24,509,636**
As at 31 December 2015					
Assets	20,919,958	9,089,818	9,591,679	741,374	40,342,829
Unallocated assets					37,433
Total assets					40,380,262
Liabilities	13,779,703	5,072,190	-	-	18,851,893
Unallocated liabilities					4,222,682
Total liabilities					23,074,575
As at 30 June 2015					
Assets	13,951,558	8,383,952	9,358,000	1,233,549	32,927,059
Unallocated assets					67,298
Total assets					32,994,357
Liabilities	5,590,882	4,392,607	-	-	9,983,489
Unallocated liabilities					4,562,643
Total liabilities					14,546,132

16 FAIR VALUE MEASUREMENT

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.

As at 30 June 2016, the fair values of financial instruments that are not carried at fair value are not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment with a carrying value of KD 281,694 as at 30 June 2016 (31 December 2015: KD 281,694 and 30 June 2015: KD 369,665).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of assets carried at fair value by valuation technique:

- 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.

16 FAIR VALUE MEASUREMENT (continued)

The following table shows an analysis of the Group's assets recorded at fair value by level of the fair value hierarchy:

	Level 1 KD	*Level 2* KD	*Level 3* KD	*Total* KD
As at 30 June 2016				
Property and equipment	-	**9,307,336**	**250,000**	**9,557,336**
Investment properties	-	**11,057,500**	-	**11,057,500**
Financial assets available for sale:				
Foreign quoted equity security	**46,176**	-	-	**46,176**
Managed funds and portfolio	-	**404,740**	-	**404,740**
	46,176	**404,740**	-	**450,916**
As at 31 December 2015				
Property and equipment	-	8,897,662	659,674	9,557,336
Investment properties	-	9,113,499	478,180	9,591,679
Financial assets available for sale:				
Foreign quoted equity security	51,671	-	-	51,671
Managed funds and portfolio	-	408,009	-	408,009
	51,671	408,009	-	459,680
As at 30 June 2015				
Property and equipment	-	8,989,670	797,330	9,787,000
Investment properties	-	8,683,000	675,000	9,358,000
Financial assets available for sale:				
Foreign quoted equity security	501,665	-	-	501,665
Managed funds and portfolio	-	362,219	-	362,219
	501,665	362,219	-	863,884

16 FAIR VALUE MEASUREMENT (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 assets which are recorded at fair value.

	At the beginning of the periods/ year KD	*Transfer to level 2 fair value measurement* KD	*Net losses recorded in the (interim condensed) consolidated statement of income* KD	*Net losses recorded in the (interim condensed) consolidated statement of comprehensive income* KD	*At the end of the periods/ year* KD
30 June 2016					
Property and equipment	**659,674**	**(409,674)**	-	-	**250,000**
Investment properties	**478,180**	**(478,180)**	-	-	-
31 December 2015					
Property and equipment	797,330	-	(48,878)	(88,778)	659,674
Investment properties	675,000	-	(196,820)	-	478,180
30 June 2015					
Property and equipment	797,330	-	-	-	797,330
Investment properties	675,000	-	-	-	675,000

During the periods/year ended 30 June 2016, 31 December 2015 and 30 June 2015, items of property and equipment and investment properties have been transferred from level 3 to level 2 fair value measurements as they were valued at armed-length transactions in the active market as disclosed in Note 17.

17 SUBSEQUENT EVENTS

During the period, the Group has initiated the sale of a leasehold land and a building to a third party which were classified, in prior periods, as property and equipment with a carrying value of KD 7,309,666 and an investment property with a carrying value of KD 8,578,179 for a value amounting to KD 18,600,000. As at 30 June 2016 the ownership of the these properties were still held by the Group and hence were classified as 'Assets classified as held for sale' in accordance with the classification requirements of "IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5") in the interim condensed consolidated statement of financial position.

Subsequent to the reporting period, the sale has been completed resulting in a realised gain of KD 2,712,155. As per the measurement requirements of IFRS 5 and IAS 40, the Group determined the fair value of the investment property as at 30 June 2016, which is the transaction value, and accordingly recorded the fair value gain of KD 1,465,821 in the interim condensed consolidated statement of income. Before the issuance of this interim condensed consolidated financial information, the Group has collected an amount of KD 15,810,000 in cash and the remaining amount of KD 2,790,000 is still outstanding.

18 COMPARATIVE INFORMATION

Certain prior period amounts have been reclassified to conform to the current period presentation. Such reclassifications do not affect previously reported equity and loss reported in the prior period.

30 June 2015	*As previously reported* KD	*Effect of adjustment* KD	*After adjustment* KD
Statement of financial position			
Term loans	1,952,449	(881,424)	1,071,025
Accounts payable and accruals	5,860,028	881,424	6,741,452