Interim condensed consolidated financial information and review report

Equipment Holding Company – KSCP and Subsidiaries

Kuwait

31 March 2016 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Equipment Holding Company – KSCP
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Equipment Holding Company – KSCP (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 31 March 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month 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".

Emphasise of matter
Without modifying our conclusion, we draw your attention to notes 11,12 and 17 to the interim condensed consolidated financial information.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and the Executive Regulations of Law No. 25 of 2012, as amended, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2016 that might have had a material effect on the business or financial position of the Parent Company.

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Kuwait
15 May 2016

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Revenue			
Revenue from sales and services	6	**2,945,611**	3,605,128
Cost of sales and services		**(2,746,959)**	(3,262,368)
Gross profit from sales and services		**198,652**	342,760
Real estate rental income		**2,577**	8,754
Dividend income		**29,951**	34,568
Gain on sale of available for sale investments		**132**	11,513
Foreign exchange (loss)/gain		**(13,842)**	141,455
Other income		**105,346**	137,089
		322,816	676,139
Expenses and other charges			
General and administrative expenses		**(158,473)**	(96,172)
Selling and distribution expenses		**(4,902)**	(18,323)
Staff costs		**(321,507)**	(262,792)
Depreciation		**(187,004)**	(12,062)
Finance costs		**(55,419)**	(58,269)
		(727,305)	(447,618)
(Loss)/profit for the period before provisions for NLST and Zakat		**(404,489)**	228,521
Provisions for National Labour Support Tax (NLST)		**-**	(5,713)
Provisions for Zakat		**-**	(2,285)
(Loss)/profit for the period		**(404,489)**	220,523
Basic and diluted (loss)/earnings per share	7	**(2.97)Fils**	1.62Fils

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
(Loss)/profit for the period	**(404,489)**	220,523
Other comprehensive income:		
Items that will be reclassified subsequently into the statement of profit or loss:		
Available for sale investments:		
- Net change in fair value arising during the period	**42,103**	188,575
- Transferred to interim condensed consolidated statement of profit or loss on sale	**(233)**	(2,680)
Total other comprehensive income	**41,870**	185,895
Total comprehensive (loss)/income for the period	**(362,619)**	406,418

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Assets				
Non-current assets				
Investment properties		9,591,679	9,591,679	9,358,000
Property, plant and equipment		19,989,115	20,309,059	11,715,909
Available for sale investments		782,973	741,374	1,408,495
Accounts receivable and other assets	8	588,561	302,958	-
		30,952,328	30,945,070	22,482,404
Current assets				
Inventories	9	3,038,481	2,535,074	1,656,380
Work in progress		152,085	174,239	1,467,582
Accounts receivable and other assets	8	5,861,628	5,790,069	5,926,682
Cash and bank balances	10	1,428,619	935,810	1,372,444
		10,480,813	9,435,192	10,423,088
Total assets		41,433,141	40,380,262	32,905,492
Equity and liabilities				
Equity				
Share capital		13,640,000	13,640,000	13,640,000
Fair value reserve		140,254	98,384	300,088
Revaluation reserve		7,379,027	7,379,027	7,608,691
Accumulated losses		(4,216,213)	(3,811,724)	(2,225,806)
Total equity		16,943,068	17,305,687	19,322,973
Non-current liabilities				
Long term loans	11	6,257,113	5,301,168	-
Murabaha payables	12	325,791	543,858	2,286,976
Provision for employees' end of service benefits		907,023	911,189	847,107
		7,489,927	6,756,215	3,134,083
Current liabilities				
Accounts payable and other liabilities	13	8,095,830	9,650,495	4,391,819
Notes payables	14	2,079,079	406,223	795,438
Current portion of long term loans	11	2,268,310	2,542,710	2,665,225
Current portion of murabaha payables	12	2,688,764	1,899,135	1,481,206
Due to related parities		1,464,137	1,314,152	1,107,396
Due to banks	10	404,026	505,645	7,352
		17,000,146	16,318,360	10,448,436
Total liabilities		24,490,073	23,074,575	13,582,519
Total equity and liabilities		41,433,141	40,380,262	32,905,492

Mohammad Ahmed Abdulkareem Alansari
Chairman

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (unaudited)

	Share capital KD	Fair value Reserve KD	Revaluation reserve KD	Accumulated losses KD	Total KD
Balance at 1 January 2016	13,640,000	98,384	7,379,027	(3,811,724)	17,305,687
Loss for the period	-	-	-	(404,489)	(404,489)
Other comprehensive income:					
Other comprehensive income	-	41,870	-	-	41,870
Total other comprehensive income	-	41,870	-	-	41,870
Total comprehensive income/(loss) for the period	-	41,870	-	(404,489)	(362,619)
Balance at 31 March 2016	**13,640,000**	**140,254**	**7,379,027**	**(4,216,213)**	**16,943,068**
Balance at 1 January 2015	13,640,000	114,193	7,608,691	(2,446,329)	18,916,555
Profit for the period	-	-	-	220,523	220,523
Other comprehensive income:					
Other comprehensive income	-	185,895	-	-	185,895
Total other comprehensive income	-	185,895	-	-	185,895
Total comprehensive income for the period	-	185,895	-	220,523	406,418
Balance at 31 March 2015	13,640,000	300,088	7,608,691	(2,225,806)	19,322,973

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		**(404,489)**	220,523
Adjustments for:			
Depreciation		**332,318**	151,668
Gain on sale of available for sale investments		**(132)**	(11,513)
Dividend income		**(29,951)**	(34,568)
Finance costs		**55,419**	58,269
Employees' end of service benefits		**39,911**	45,917
		(6,924)	430,296
Changes in operating assets and liabilities:			
Inventories		**(503,407)**	587,124
Work in progress		**22,154**	(852,516)
Accounts receivable and other assets		**(357,162)**	(326,316)
Accounts payable and other liabilities		**(1,605,803)**	(616,844)
Due to related parties		**149,985**	(170,689)
Employees' end of service benefits paid		**(44,077)**	(13,561)
Net cash used in operating activities		**(2,345,234)**	(962,506)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(12,374)**	(59,876)
Proceeds from sale of available for sale investments		**403**	13,045
Dividend income received		**29,951**	34,568
Net cash from/(used in) investing activities		**17,980**	(12,263)
FINANCING ACTIVITIES			
Net movement in term loans		**681,545**	1,855,225
Net movement in murabaha payables		**571,562**	(244,566)
Net movement in notes payables		**1,672,856**	-
Finance costs paid		**(4,281)**	(46,119)
Net cash from financing activities		**2,921,682**	1,564,540
Increase in cash and cash equivalents		**594,428**	589,771
Cash and cash equivalents at beginning of the period	10	**430,165**	775,321
Cash and cash equivalents at end of the period	10	**1,024,593**	1,365,092

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1. Incorporation and activities

The Equipment Holding Company ("parent company") was incorporated on 25 May 1999 as a Kuwaiti Public shareholding company in accordance with Commercial Companies' Law in the State of Kuwait.

Parent company's objectives are:

- 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.
- 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 group comprises the parent company and its subsidiaries.

The parent company's shares are listed on Kuwait Stock Exchange.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new executive regulations.

The address of the parent company's registered office is PO Box 435, Safat 13005, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2016 was authorised for issue by the parent company's board of directors on 15 May 2016.

2. Basis of preparation

This interim condensed consolidated financial information of the group for the three-month period ended 31 March 2016 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". This interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the 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 financial year ending 31 December 2016. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2015.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is 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 most recent annual consolidated financial statements of the group for the year ended 31 December 2015 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

Notes to the interim condensed consolidated financial information (continued)

3. Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2016. Information on these new standards is presented below:

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	1 January 2016
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 'Disclosure Initiative - Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The amendments did not have any material impact to the group's interim condensed consolidated financial information.

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture – Amendments (continued)

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments did not have any material impact to the group's interim condensed consolidated financial information.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances.
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments did not have any material impact to the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The amendments did not have any material impact to the group's interim condensed consolidated financial information.

Annual Improvements to IFRSs 2012–2014 Cycle

(i) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

(ii) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

The annual improvements did not have any material impact to the group's interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's interim condensed consolidated financial information.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 9 Financial Instruments

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments (continued)
Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

- an expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the group makes an irrevocable designation to present them in other comprehensive income.
- if the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the group's own credit risk.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaced IAS 18 Revenues and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as
- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

- specific issues, including –
  - o non-cash consideration and asset exchanges
  - o contract costs
  - o rights of return and other customer options
  - o supplier repurchase options
  - o warranties
  - o principal versus agent
  - o licencing
  - o breakage
  - o non-refundable upfront fees, and
  - o consignment and bill-and-hold arrangements.

The group's management has yet to assess the impact of this new standard on the group's interim condensed consolidated financial information.

IFRS 16 Leases

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

The group's management has yet to assess the impact of this new standard on the group's interim condensed consolidated financial information.

4. Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2015.

5. Fundamental Accounting Concept

The group has incurred accumulated loss of KD4,216,213 (31 December 2015: KD 3,811,724 and 31 March 2015: KD 2,225,806) and its current liabilities balances exceeded its current assets balance by KD6,519,333 (31 December 2015: KD 6,883,168 and 31 March 2015: KD 25,348). Also, the group defaulted an repayment of instalments which are due to term loans (note 11), murabaha payable (note 12) and balances due to related parties (note 17). Notwithstanding inspite of the doubts that have been stated regarding continuity of the group as a going concern. The interim condensed consolidated financial information have been prepared on a going concern concept because the group's management is confident of its ability to pay all the accrued liabilities in a timely manner either by using the financial resources available or by selling some of the available for sale investments or properties or income non generating assets.

Notes to the interim condensed consolidated financial information (continued)

5. Fundamental Accounting Concept (continued)

The interim condensed consolidated financial information do not include any adjustments relating to the recoverability and classification of recoded asset amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

6. Revenue from sales and services

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Sale of machinery and equipment	**1,063,350**	1,183,614
Revenue from contracting and maintenance workshop	**1,882,261**	2,421,514
	2,945,611	3,605,128

7. Basic and diluted (loss)/ earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period by the weighted average number of shares outstanding during the period.

	Three months ended 31 March 2016 (Unaudited)	Three months ended 31 March 2015 (Unaudited)
(Loss)/profit for the period (KD)	**(404,489)**	220,523
Weighted average number of shares outstanding during the period (Shares)	**136,400,000**	136,400,000
Basic and diluted (loss)/earnings per share (Fils)	**(2.97)**	1.62

8. Accounts receivable and other assets

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Trade receivables	**10,045,223**	8,950,969	9,550,396
Provision for doubtful debts	**(5,763,078)**	(5,763,078)	(5,407,825)
	4,282,145	3,187,891	4,142,571
Other assets			
Retentions	**796,603**	995,446	588,561
Advances to suppliers	**814,034**	512,639	538,139
Accrued income	**266,674**	1,170,694	421,148
Staff receivables	**63,587**	58,466	83,161
Prepayments	**204,020**	152,891	138,102
Other assets	**23,126**	15,000	15,000
	6,450,189	6,093,027	5,926,682

Accounts receivable and other assets that are expected to be received after twelve months have been classified as non -current assets. The net carrying value of accounts receivable and other assets is considered a reasonable approximates of fair value.

Notes to the interim condensed consolidated financial information (continued)

9. Inventories

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Equipment for resale	**816,847**	838,917	935,376
Spare parts	**1,171,445**	1,329,516	1,238,603
Raw materials	**1,577,606**	794,954	-
	3,565,898	2,963,387	2,173,979
Provision for obsolete and slow moving inventories	**(556,801)**	(556,801)	(556,801)
	3,009,097	2,406,586	1,617,178
Goods in transit	**29,384**	128,488	39,202
	3,038,481	2,535,074	1,656,380

10. Cash and cash equivalents

Cash and cash equivalents in interim condensed consolidated statement of cash flows comprise the following interim condensed consolidated statement of financial position accounts:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Cash on hand	**39,429**	38,020	36,651
Bank balances	**1,389,190**	897,790	1,335,793
Total cash and bank balances	**1,428,619**	935,810	1,372,444
Less: due to banks	**(404,026)**	(505,645)	(7,352)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**1,024,593**	430,165	1,365,092

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 31 March 2015: 4.75%) per annum. The overdraft facilities are granted to the group against a corporate guarantee provided by the parent company.

11. Term loans

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Long term loan	**8,525,423**	7,843,878	2,665,225
Amounts due within next twelve months	**(2,268,310)**	(2,542,710)	(2,665,225)
Amounts due after next twelve months	**6,257,113**	5,301,168	-

Notes to the interim condensed consolidated financial information (continued)

11. Term loans (continued)

	Effective interest rate	Maturity date	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
*	4% above Central Bank of Kuwait discount rate	31 December 2017	**498,000**	561,000	810,000
**	2.5% above Central Bank of Kuwait discount rate	31 March 2016	**477,330**	500,000	500,000
***	4% above Central Bank of Kuwait discount rate	30 April 2020	**6,651,875**	6,283,384	1,155,225
*	3.25% above Central Bank of Kuwait discount rate	10 October 2016	**140,000**	200,000	200,000
*	4% above Central Bank of Kuwait discount rate	31 March 2018	**758,218**	299,494	-
			8,525,423	7,843,878	2,665,225

Term loans shown above carry interest rate from 2.5% to 4% per annum above CBK discount rate. The loans mature on various dates ending 30 April 2020. Amounts due within the next twelve months are shown under current liabilities

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

** During the current period ended 31 March 2016, the group defaulted on a repayment of a loan instalment that was due on 31 March 2016 amounting to KD 498,000. The management of the group is currently negotiating with the bank to reschedule the loan payment. This loan is denominated in Kuwaiti Dinar and is secured against corporate guarantee provided by the parent company.

*** During the current period ended 31 March 2016, the group defaulted on a repayment of a loan instalment that was due on 31 March 2016 amounting to KD 349,202. The management of the group is currently negotiating with the bank to reschedule the loan payment. This loan is denominated in Kuwaiti Dinar and is secured against corporate guarantee provided by the parent company.

At 31 March 2016, machinery and equipment with a carrying value amounting to KD 6,285,638 (31 December 2014: KD 5,857,428 and 31 March 2015: KD Nil) are mortgaged as a security against a term loan obtained from a local financial institution.

12. Murabaha payables

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Total Murabaha outstanding	**3,014,555**	2,442,993	3,768,182
Amounts due within next twelve months	**(2,688,764)**	(1,899,135)	(1,481,206)
Amounts due after next twelve months	**325,791**	543,858	2,286,976

Notes to the interim condensed consolidated financial information (continued)

12. Murabaha payables (continued)

- Murabaha payables are facilities granted by local Islamic financial institutions in accordance with Islamic Sharea'a and are used to finance purchases of equipment and goods. These facilities carry profit rates ranging from 4.5% (31 December 2015: 4.5% and 31 March 2015: 2% to 10.3%) per annum. Murabaha payables are due on various dates ending on 10 July 2017.

- Amounts due within the next twelve months are shown under current liabilities.

- At 31 March 2015, murabaha payables are secured against a pledge of certain financial assets available for sale with a carrying value of KD Nil (31 December 2014: KD Nil and 31 March 2015: KD601,487), a leasehold land and a building which is classified as property, plant and equipment with a carrying value of KD7,309,666 (31 December 2015: KD7,309,666 and 31 March 2015: KD7,309,666) and an investment property with a carrying value of KD 8,578,179 (31 December 2015: KD 8,578,179 and 31 March 2015: KD7,569,330).

- On 31 March 2016, the group had defaulted on repayment of loans installments of their murhaba facilities amounting to KD630,787 which were due on various dates from 10 October 2015 to 31 March 2016. As a result of repayment installment default, the murhaba facilities amounting to KD3,014,555 (31 December 2015:KD2,442,993 and 31 March 2015: KD3,768,182) are now due in accordance with the facility agreements. Subsequent to the financial information date, the group has further defaulted on payments amounting to KD251,634 which were due in April and May 2016. The management of the group is currently negotiating with the related institutions to reschedule or renew these facilities.

13. Accounts payable and other liabilities

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Trade payables			
Local accounts payable	**2,175,338**	2,512,802	1,728,319
Foreign accounts payable	**3,875,760**	4,519,078	1,224,607
Advances received from sub-contractors	**674,143**	892,468	167,568
	6,725,241	7,924,348	3,120,494
Other liabilities			
Accrued expenses	**470,128**	859,652	967,837
Dividend payable	**10,652**	10,652	11,855
Provision for expected losses write off on contracts	**285,061**	285,061	-
Staff and leave payables	**576,244**	525,718	224,857
Other liabilities	**28,504**	45,064	66,776
	8,095,830	9,650,495	4,391,819

14. Notes payable

	Average rate %					
	31 March 2016 (Unaudited)	31 Dec. 2015 (Audited)	31 March 2015 (Unaudited)	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Amounts due within next twelve months	**4**	4	4	**2,079,079**	406,223	795,438

Notes to the interim condensed consolidated financial information (continued)

15. General Assembly of shareholders

The directors did not propose dividend for the year ended 31 December 2015. The Annual General Assembly for the year ended 31 December 2015 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2015 have not yet been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2016 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2015.

16. Segmental information

	Investments KD	Real estate KD	Trading in construction equipments KD	Construction contracts and maintenance workshop KD	Total KD
Three months ended 31 March 2016 (Unaudited)					
Segment operating revenue	**30,083**	**2,577**	**425,299**	**2,517,952**	**2,975,911**
Segment results	**30,083**	**2,577**	**(323,191)**	**48,690**	**(241,841)**
Unallocated expenses					**(254,284)**
Unallocated revenue					**91,636**
Loss for the period					**(404,489)**
Segment assets	**782,973**	**9,591,679**	**20,465,436**	**10,543,293**	**41,383,381**
Unallocated assets					**49,760**
					41,433,141
Segment liabilities	**-**	**-**	**(13,503,039)**	**(6,144,355)**	**(19,647,394)**
Unallocated liabilities					**(4,842,679)**
					(24,490,073)
Three months ended 31 March 2015 (Unaudited)					
Segment operating revenue	46,081	8,754	1,183,614	2,421,514	3,659,963
Segment results	46,081	8,754	243,469	28,002	326,306
Unallocated expenses					(105,783)
Profit for the period					220,523
Segment assets	1,408,495	9,358,000	12,887,206	9,135,222	32,788,923
Unallocated assets					116,569
					32,905,492
Segment liabilities	-	-	(4,270,012)	(3,830,552)	(8,100,564)
Unallocated liabilities					(5,481,955)
					(13,582,519)

Notes to the interim condensed consolidated financial information (continued)

17. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the parent company and its subsidiaries which are related parties of the parent company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

During the period, the group entities entered into the following transactions with related parties that are not members of the group:

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Due to related parties	**1,464,137**	1,314,152	1,107,396

The amount due to Specialities Construction for General Trading and Contracting Company W.L.L. (other related party) was payable in two annual instalments on 31 December 2014 and 31 December 2015, respectively. On 31 December 2014, the group was unable to settle the first payment amounting to KD639,042. However, it provided two checks of KD 170,000 and KD 469,042. During the year ended 31 December 2015, the group settled KD 170,000 from these checks and the remaining amount of KD 469,042 is currently under negotiation to be rescheduled. The total amount is secured by a collateral of a property owned by one of the group's subsidiaries.

	Three months ended 31 March 2016 (Unaudited) KD	Three months ended 31 March 2015 (Unaudited) KD
Amounts included in interim condensed consolidated statement of profit or loss		
Key management compensation:		
Salaries and other short term benefits	**29,329**	14,663
End of service benefits	**837**	-
	30,166	14,663

18. Contingencies and Commitments

	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Letters of guarantee and letter of credit	**14,584,464**	13,798,075	13,450,131

19. Fair value measurement

19.1 Fair value hierarchy

Fair value represents 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.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

19.2 Fair value measurement of financial instruments

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated financial position are grouped into the fair value hierarchy as follows:

31 March 2016 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
-Other investments comprises of:				
• Foreign quoted equity security	**53,885**	-	-	**53,885**
• Foreign Unquoted shares	-	-	**111,688**	**111,688**
• Local Unquoted shares	-	-	**170,006**	**170,006**
-Investment funds managed by others:				
• Foreign Unquoted units	-	**447,394**	-	**447,394**
	53,885	**447,394**	**281,694**	**782,973**

31 December 2015 (Audited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investment:				
-Other investments comprises of:				
• Foreign quoted equity security	51,671	-	-	51,671
• Foreign Unquoted shares	-	-	111,688	111,688
• Local Unquoted shares	-	-	170,006	170,006
-Investment funds managed by others:				
• Foreign Unquoted units	-	408,009	-	408,009
	51,671	408,009	281,694	741,374

31 March 2015 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
-Other investments comprises of:				
• Local quoted equity security	637,549	-	-	637,549
• Foreign Unquoted shares	-	-	191,688	191,688
• Local Unquoted shares	-	-	170,006	170,006
-Investment funds managed by others:				
• Foreign Unquoted units	-	409,252	-	409,252
	637,549	409,252	361,694	1,408,495

There have been no significant transfers between levels 1 and 2 during the reporting period.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

Measurement at fair value
The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Level 3 fair value measurements
The group's financial assets and liabilities classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Available for sale investments (Unquoted securities)		
	31 March 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	31 March 2015 (Unaudited) KD
Opening balance	**281,694**	361,694	361,694
Gains or losses recognised in:			
- Other comprehensive loss	-	(80,000)	-
Closing balance	**281,694**	281,694	361,694

The group's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.