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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2017

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 2017, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods 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 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, as amended, 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 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN
LICENSE NO. 100 A
AL SULTAN AND PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

6 August 2017
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2017

		Three months ended 30 June		*Six months ended 30 June*	
	Notes	***2017*** ***KD***	*2016* *KD*	***2017*** ***KD***	*2016* *KD*
Revenue	3	**3,256,554**	4,163,676	**6,292,744**	7,109,287
Cost of revenue	3	**(3,734,093)**	(6,065,739)	**(6,807,333)**	(9,221,698)
GROSS LOSS		**(477,539)**	(1,902,063)	**(514,589)**	(2,112,411)
Rental income		-	35,382	-	62,669
Investment property expenses		-	(48,955)	-	(73,665)
Unrealised gain on revaluation of investment properties		-	1,465,821	-	1,465,821
Provision for doubtful debts		-	(167,772)	-	(167,772)
Other income		**66,823**	123,193	**262,786**	228,539
Depreciation		**(21,690)**	(12,285)	**(34,164)**	(24,420)
Staff costs		**(221,584)**	(201,879)	**(449,281)**	(386,708)
General and administrative expenses		**(117,738)**	(83,556)	**(344,012)**	(144,846)
Selling and distribution expenses		**(14,252)**	(9,154)	**(23,390)**	(13,786)
LOSS FROM OPERATIONS		**(785,980)**	(801,268)	**(1,102,650)**	(1,166,579)
Realised (loss) gain on sale of financial assets available for sale		**(12,117)**	23,310	**(12,117)**	23,442
Dividend income		-	-	**13,662**	29,951
Foreign exchange (loss) gain		**(5,525)**	32,790	**(32,931)**	18,948
Finance costs		**(28,908)**	(99,249)	**(52,949)**	(154,668)
LOSS FOR THE PERIOD		**(832,530)**	(844,417)	**(1,186,985)**	(1,248,906)
BASIC AND DILUTED LOSS PER SHARE	4	**(6.10) fils**	(6.19) fils	**(8.70) fils**	(9.16) fils

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2017

	Three months ended 30 June		*Six months ended 30 June*	
	2017	*2016*	***2017***	*2016*
	KD	*KD*	***KD***	*KD*
LOSS FOR THE PERIOD	**(832,530)**	(844,417)	**(1,186,985)**	(1,248,906)
OTHER COMPREHENSIVE INCOME (LOSS):				
Items that are or may be reclassified to interim condensed consolidated statement of income:				
- Net unrealised revaluation (loss) gain on financial assets available for sale	**(2,190)**	(17,723)	**(6,045)**	24,279
- Transferred to interim condensed consolidated statement of income on sale of financial assets available for sale	**18,183**	(23,310)	**18,183**	(23,442)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**15,993**	(41,033)	**12,138**	837
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(816,537)**	(885,450)	**(1,174,847)**	(1,248,069)

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

	Notes	*30 June 2017 KD*	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
ASSETS				
Non-current assets				
Property and equipment		**11,079,189**	11,503,384	12,366,450
Investment properties		**1,002,000**	1,002,000	1,013,500
Financial assets available for sale		**335,953**	369,977	732,610
Accounts receivable and others	5	**596,648**	429,485	456,134
		13,013,790	13,304,846	14,568,694
Current assets				
Inventories	6	**1,348,642**	1,598,950	2,657,531
Work in progress		**169,470**	38,078	51,752
Accounts receivable and others	5	**7,953,425**	8,777,985	5,337,401
Bank balances and cash	7	**4,676,558**	7,016,102	598,210
		14,148,095	17,431,115	8,644,894
Assets classified as held for sale		**-**	-	17,353,666
		14,148,095	17,431,115	25,998,560
TOTAL ASSETS		**27,161,885**	30,735,961	40,567,254
EQUITY AND LIABILITIES				
Equity				
Share capital		**13,640,000**	13,640,000	13,640,000
Cumulative changes in fair value reserve		**(5,383)**	(17,521)	99,221
Revaluation reserve		**1,115,809**	1,115,809	7,379,027
Accumulated losses		**(3,048,805)**	(1,861,820)	(5,060,630)
Total equity		**11,701,621**	12,876,468	16,057,618
Non-current liabilities				
Employees' end of service benefits		**956,936**	915,846	900,800
Term loans	8	**4,477,295**	4,976,032	5,715,002
		5,434,231	5,891,878	6,615,802
Current liabilities				
Term loans	8	**2,943,387**	2,917,998	3,562,257
Murabaha payables		**-**	-	2,733,182
Accounts payable and accruals	9	**7,065,084**	9,049,617	9,374,573
Amount due to a related party	11	**17,562**	-	1,814,153
Bank overdrafts	7	**-**	-	409,669
		10,026,033	11,967,615	17,893,834
Total liabilities		**15,460,264**	17,859,493	24,509,636
TOTAL EQUITY AND LIABILITIES		**27,161,885**	30,735,961	40,567,254

Khaleefa Mohammed Ali Alghanim
Chairman

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2017

	Share capital KD	*Cumulative changes in fair value reserve KD*	*Revaluation reserve KD*	*Accumulated losses KD*	*Total KD*
As at 1 January 2017 (Audited)	13,640,000	(17,521)	1,115,809	(1,861,820)	12,876,468
Loss for the period	-	-	-	(1,186,985)	(1,186,985)
Other comprehensive income for the period	-	12,138	-	-	12,138
Total comprehensive income (loss) for the period	-	12,138	-	(1,186,985)	(1,174,847)
As at 30 June 2017	**13,640,000**	**(5,383)**	**1,115,809**	**(3,048,805)**	**11,701,621**
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

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2017

	Note	*Six months ended 30 June*	
		2017	*2016*
		KD	*KD*
OPERATING ACTIVITIES			
Loss for the period		**(1,186,985)**	(1,248,906)
Adjustments to reconcile loss for the period to net cash flows:			
Depreciation		**565,116**	625,908
Gain on sale of property and equipment		**-**	(62,788)
Unrealised gain on revaluation of investment properties		**-**	(1,465,821)
Realised loss (gain) on sale of financial assets available for sale		**12,117**	(23,442)
Dividend income		**(13,662)**	(29,951)
Provision for doubtful debts		**-**	167,772
Provision for employees' end of service benefits		**90,051**	81,164
Finance costs		**52,949**	154,668
		(480,414)	(1,801,396)
Working capital changes:			
Inventories		**250,308**	(122,457)
Work in progress		**(131,392)**	122,487
Accounts receivable and others		**657,397**	131,720
Accounts payable and accruals		**(1,984,533)**	(805,417)
Amount due to a related party		**17,562**	500,001
Cash flows used in operations		**(1,671,072)**	(1,975,062)
Employees' end of service benefits paid		**(48,961)**	(91,553)
Net cash flows used in operating activities		**(1,720,033)**	(2,066,615)
INVESTING ACTIVITIES			
Additions to property and equipment		**(140,921)**	(5,451)
Proceeds from sale of property and equipment		**-**	75,274
Proceeds from sale of financial assets available for sale		**34,045**	33,043
Dividend income received		**13,662**	29,951
Net cash flows (used in) from investing activities		**(93,214)**	132,817
FINANCING ACTIVITIES			
Proceeds from term loans		**500,000**	1,866,451
Repayment of term loans		**(973,348)**	(433,070)
Proceeds from murabaha payables		**-**	434,345
Repayment of murabaha payables		**-**	(144,156)
Finance costs paid		**(52,949)**	(31,396)
Movement in restricted bank balances	7	**(4,432,370)**	-
Net cash flows (used in) from financing activities		**(4,958,667)**	1,692,174
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,771,914)**	(241,624)
Cash and cash equivalents at beginning of the period		**7,016,102**	430,165
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	7	**244,188**	188,541

The attached notes 1 to 15 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 2017 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 6 August 2017.

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.

2 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 currency of the Parent Company.

The accounting policies used in the preparation of this 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 2016, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting periods starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

Operating results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2016.

3 REVENUE AND COST OF REVENUE

Revenue of the Group for the periods ended 30 June comprise the following:

	Three months ended 30 June		*Six months ended 30 June*	
	2017	*2016*	***2017***	*2016*
	KD	*KD*	***KD***	*KD*
Sale of machinery and equipment	**969,591**	579,551	**1,552,214**	1,033,161
Revenue from construction services	**1,029,414**	2,788,054	**2,197,663**	3,286,296
Revenue from maintenance and leasing projects	**1,143,951**	740,859	**2,371,325**	2,681,931
Revenue from maintenance workshop	**51,957**	55,212	**100,349**	90,622
Revenue from equipment leasing	**61,641**	-	**71,193**	17,277
	3,256,554	4,163,676	**6,292,744**	7,109,287

3 REVENUE AND COST OF REVENUE (continued)

Cost of revenue of the Group for the periods ended 30 June comprise the following:

	Three months ended 30 June		*Six months ended 30 June*	
	2017	*2016*	***2017***	*2016*
	KD	*KD*	***KD***	*KD*
Cost of sales of machinery and equipment	**739,960**	462,793	**1,178,451**	792,870
Cost of construction services	**1,380,620**	2,962,056	**2,542,624**	4,475,806
Cost of maintenance and leasing projects	**1,502,018**	2,548,674	**2,883,970**	3,769,497
Cost of maintenance workshop	**39,625**	51,462	**94,960**	100,670
Cost of equipment leasing	**71,870**	40,754	**107,328**	82,855
	3,734,093	6,065,739	**6,807,333**	9,221,698

4 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*	
	2017	*2016*	***2017***	*2016*
Loss for the period (KD)	**(832,530)**	(844,417)	**(1,186,985)**	(1,248,906)
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	**(6.10) fils**	(6.19) fils	**(8.70) fils**	(9.16) fils

5 ACCOUNTS RECEIVABLE AND OTHERS

	30 June 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Trade receivables and receivables from construction contracts, gross	**9,234,175**	9,506,141	10,090,091
Less: provision for trade receivables and receivables from construction contracts	**(5,893,561)**	(5,893,561)	(5,882,098)
Trade receivables and receivables from construction contracts, net	**3,340,614**	3,612,580	4,207,993
Retentions receivable, gross	**901,093**	928,696	880,590
Less: provision for retentions receivable	**(34,927)**	(34,927)	(34,927)
Retentions receivable, net	**866,166**	893,769	845,663
Advances to suppliers, gross	**1,163,349**	996,253	380,473
Less: provision for advances to suppliers	**(118,553)**	(118,553)	(118,553)
Advances to supplier, net	**1,044,796**	877,700	261,920
Gross amounts due from customers for contract works	**2,521,547**	2,904,902	-
Accrued revenue	**219,300**	152,836	28,856
Prepaid expenses and other receivables	**557,650**	765,683	449,103
	8,550,073	9,207,470	5,793,535
Non-current	**596,648**	429,485	456,134
Current	**7,953,425**	8,777,985	5,337,401
	8,550,073	9,207,470	5,793,535

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

	30 June 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
At the beginning of the periods/ year	**6,047,041**	5,916,558	5,916,558
Charge for the periods/ year	**-**	179,643	167,772
Written off during the periods/ year	**-**	(49,160)	(48,752)
At the end of the periods/ year	**6,047,041**	6,047,041	6,035,578

6 INVENTORIES

	30 June 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Equipment for resale	**813,381**	947,298	1,105,551
Spare parts	**940,246**	875,242	862,237
Raw materials	**-**	-	1,203,653
	1,753,627	1,822,540	3,171,441
Less: provision for obsolete and slow moving inventories	**(460,244)**	(460,244)	(556,801)
	1,293,383	1,362,296	2,614,640
Add: goods in transit	**55,259**	236,654	42,891
	1,348,642	1,598,950	2,657,531

The movement in the provision for slow moving and obsolete inventories during the periods/ year is as follows:

	30 June 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
At the beginning of the periods/ year	**460,244**	556,801	556,801
Reversal during the periods/ year	**-**	(96,557)	-
At the end of the periods/ year	**460,244**	460,244	556,801

7 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 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Bank balances and cash	**4,676,558**	7,016,102	598,210
Bank overdrafts	**-**	-	(409,669)
Cash and cash equivalents as per consolidated statement of financial position	**4,676,558**	7,016,102	188,541
Less: balances in restricted accounts	**(4,432,370)**	-	-
Cash and cash equivalents as per consolidated statement of cash flows	**244,188**	7,016,102	188,541

As at 30 June 2017, bank balances with a carrying value amounting to KD 1,750,000 (31 December 2016: KD Nil and 30 June 2016: KD Nil) are mortgaged as a security against a term loan obtained from a local bank (note 8).

8 TERM LOANS

	Effective interest rate	*Maturity date*	***30 June 2017 KD***	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
	3.25% above Central Bank of Kuwait discount rate	30 October 2016	-	-	60,000
	2.5% above Central Bank of Kuwait discount rate	30 June 2016	-	-	300,000
*	4% above Central Bank of Kuwait discount rate	30 April 2020	**382,500**	450,000	517,500
**	4% above Central Bank of Kuwait discount rate	31 July 2020	**5,520,096**	6,415,245	6,950,958
**	4% above Central Bank of Kuwait discount rate	30 September 2018	**116,464**	186,008	249,924
**	4% above Central Bank of Kuwait discount rate	31 January 2018	**489,505**	493,338	500,000
**	2.5% above Central Bank of Kuwait discount rate	30 June 2017	**412,117**	349,439	698,877
**	4% above Central Bank of Kuwait discount rate	30 June 2022	**500,000**	-	-
			7,420,682	7,894,030	9,277,259
	Non-current		**4,477,295**	4,976,032	5,715,002
	Current		**2,943,387**	2,917,998	3,562,257
			7,420,682	7,894,030	9,277,259

* 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.

As at 30 June 2017, property and equipment with a carrying value amounting to KD 4,214,484 (31 December 2016: KD 4,455,309 and 30 June 2016: KD 5,566,981) and bank balances with a carrying value amounting to KD 1,750,000 (31 December 2016: KD Nil and 30 June 2016: KD Nil) are mortgaged as a security against a term loan obtained from a local bank (note 7).

As at 30 June 2017, the Group defaulted to settle a loan from a local financial institution amounted to KD 412,117 and agreed to settle this loan within two months from the maturity date. Subsequent to the period end, an amount of KD 119,022 has been settled to the financial institution.

9 ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Trade payables	**4,251,674**	4,611,929	5,427,265
Amount due to a related party (note 11)	**116,000**	-	-
Notes payable	**652,961**	1,141,156	1,398,005
Advances received from customers	**219,457**	410,699	578,847
Retentions payable	**89,340**	56,657	-
Gross amounts due to customers for contract works	**82,962**	55,296	-
Accrued expenses	**489,024**	297,609	425,188
Staff payables	**612,504**	556,389	655,479
Provision for expected losses from contracts	**269,797**	1,542,817	591,541
Other liabilities	**281,365**	377,065	298,248
	7,065,084	9,049,617	9,374,573

10 ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly ("AGM") meeting of the Parent Company's shareholders for the year ended 31 December 2016 was held on 26 July 2016 and approved the consolidated financial statements of the Group for the year ended 31 December 2016.

11 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 Board of Directors.

During the periods ended 30 June 2017 and 2016, there were no transactions with related parties included in neither the interim condensed consolidated statement of income nor the interim condensed consolidated statement of comprehensive income.

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

	Major shareholders 30 June 2017 KD	***Other related parties 30 June 2017 KD***	***Total 30 June 2017 KD***	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Amount due to related parties					
Specialities Group Holding Company K.S.C.P.	**17,562**	-	**17,562**	-	1,814,153
Chairman (note 9)	-	**116,000**	**116,000**	-	-

	Three months ended 30 June		*Six months ended 30 June*	
	2017 KD	*2016 KD*	***2017 KD***	*2016 KD*
Compensation of key management personnel				
Salaries and other short term benefits	**25,573**	32,165	**61,443**	62,331

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

As at 30 June 2017, the Group has been provided with bank guarantees issued in the ordinary course of business amounting to KD 9,435,453 (31 December 2016: KD 15,532,498 and 30 June 2016: KD 17,999,864) from which it is anticipated that no material liabilities will arise. The bank guarantees are secured by a corporate guarantee from the Parent Company.

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 2017 KD	*(Audited) 31 December 2016 KD*	*30 June 2016 KD*
Operating lease commitments			
Future minimum lease payments:			
Within one year	**554,600**	674,940	200,752
After one year but less than five years	**1,768,770**	2,699,760	803,008
	2,323,370	3,374,700	1,003,760

13 SEGMENTAL INFORMATION

The Group has four operating segments: trading in construction equipment, Construction, leasing and maintenance, 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 2016. 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	*Construction, leasing and maintenance KD*	*Real estate KD*	*Investments KD*	*Total KD*
Period ended 30 June 2017					
Segment operating revenue	**1,552,214**	**4,740,530**	**-**	**13,662**	**6,306,406**
Segment results	**373,763**	**(888,352)**	**-**	**1,545**	**(513,044)**
Unallocated income					**262,786**
Unallocated expenses					**(936,727)**
Loss for the period					**(1,186,985)**
Period ended 30 June 2016					
Segment operating revenue	1,033,161	6,076,126	1,528,490	53,393	8,691,170
Segment results	240,291	(2,352,702)	1,454,825	53,393	(604,193)
Unallocated income					247,487
Unallocated expenses					(892,200)
Loss for the period					(1,248,906)

13 SEGMENTAL INFORMATION (continued)

	Trading in construction equipment KD	*Construction, leasing and maintenance KD*	*Real estate KD*	*Investments KD*	*Total KD*
As at 30 June 2017					
Assets	**7,299,841**	**15,893,425**	**1,002,000**	**335,953**	**24,531,219**
Unallocated assets					**2,630,666**
Total assets					**27,161,885**
Liabilities	**9,641,932**	**5,463,218**	-	-	**15,105,150**
Unallocated liabilities					**355,114**
Total liabilities					**15,460,264**
As at 31 December 2016					
Assets	14,192,182	9,531,077	1,002,000	369,977	25,095,236
Unallocated assets					5,640,725
Total assets					30,735,961
Liabilities	11,718,683	5,816,011	-	-	17,534,694
Unallocated liabilities					324,799
Total liabilities					17,859,493
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
Liabilities	13,366,350	6,225,862	-	-	19,592,212
Unallocated liabilities					4,917,424
Total liabilities					24,509,636

14 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 2017, 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 2017 (31 December 2016: KD 281,694 and 30 June 2016: KD 281,694).

14 FAIR VALUE MEASUREMENT (continued)

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.

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 2017				
Property and equipment				
Leasehold land	**-**	**1,500,000**	**-**	**1,500,000**
Building	**-**	**-**	**185,640**	**185,640**
	-	**1,500,000**	**185,640**	**1,685,640**
Investment properties	**-**	**1,002,000**	**-**	**1,002,000**
Financial assets available for sale:				
Foreign quoted equity security	**44,700**	**-**	**-**	**44,700**
Managed funds and portfolio	**-**	**9,559**	**-**	**9,559**
	44,700	**9,559**	**-**	**54,259**
As at 31 December 2016				
Property and equipment				
Leasehold land	-	1,500,000	-	1,500,000
Building	-	-	185,640	185,640
	-	1,500,000	185,640	1,685,640
Investment properties	-	1,002,000	-	1,002,000
Financial assets available for sale:				
Foreign quoted equity security	50,357	-	-	50,357
Managed funds and portfolio	-	37,926	-	37,926
	50,357	37,926	-	88,283

14 FAIR VALUE MEASUREMENT (continued)

	Level 1 *KD*	*Level 2* *KD*	*Level 3* *KD*	*Total* *KD*
As at 30 June 2016				
Property and equipment				
Leasehold land	-	9,307,336	-	9,307,336
Building	-	-	250,000	250,000
	-	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

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*	*Net purchases, transfers, (sales) and settlements* *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 2017					
Property and equipment	**185,640**	-	-	-	**185,640**
31 December 2016					
Property and equipment	659,666	(409,666)	(25,000)	(39,360)	185,640
Investment properties	478,180	(478,180)	-	-	-
30 June 2016					
Property and equipment	659,674	(409,674)	-	-	250,000
Investment properties	478,180	(478,180)	-	-	-

During the periods/year ended 30 June 2017, 31 December 2016 and 30 June 2016, there were no transfers between levels of fair value measurements and no transfers into or out of level 3 fair value measurements.

Fair value of other financial instruments is not materially different from their carrying values at the reporting date.

15 SUBSEQUENT EVENT

Subsequent to the reporting date, amendments to Law no. 6 of 2010 concerning Labour in Private Sector were published in Official Gazette affecting employees' short-term and post-employment benefits recognised by the Company. As on the date of the interim condensed consolidated financial information, the Management is in the process of quantifying the financial effect of the same on employee end of service benefits.