Arabi Group Holdings – K.S.C.P Kuwait

Interim Condensed Consolidated Financial Information 30 September 2015 (Unaudited)



Arabi Group Holdings- K.S.C.P Kuwait Interim Condensed Consolidated Financial Information 30 September 2015 (unaudited)

Contents

	Pages
Review Report	-
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	Exhibit — A
Interim Condensed Consolidated Statement of Income (Unaudited)	Exhibit – B
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	Exhibit – C
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	Exhibit – D
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	Exhibit – E
Notes to Interim Condensed Consolidated Financial Information (Unaudited)	1 – 9



PKF Bouresli & Co. Accountants & business advisers

P.O. Box 20986, Safat 13070, Kuwait

Tel.: +965 22279330 Fax: +965 22279340

E-mail: <u>tareq@pkf-kuwait.com</u> Website: www.pkf-kuwait.com AL – WAHA
AUDITING OFFICE
ALI OWAID RUKHEYEES



Member of the International Group of Accounting Firms

P.O. Box 27387, Safat 13134, Kuwait

Tel.: (965) 22423415/7 (965) 22424919

Fax: (965) 22422026

Arabi Group Holdings K.S.C.P Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabi Group Holdings K.S.C.P ('the Company) and its subsidiaries (together called "the Group"), as of 30 September 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

We draw attention to note 3 to the interim condensed consolidated financial information regarding receivables from contract customers which are under legal dispute and contract in progress. The Group management is of the opinion that the carrying amount of assets will be recovered in full and are not impaired. The interim condensed consolidated financial information for the period ended 30 September 2015 does not include any adjustments that might results from uncertainties regarding the outcome of Court judgments and acceptance and completion of contracts.

Further, we draw attention to note 10 to the interim condensed consolidated financial information towards funds availed from a third party for Group's investment in associate for which settlement arrangement with third party is under negotiation.





Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, no violations of the Company's Law No.25 of 2012, as amended, or of the Articles of Association of the Company have occurred during the nine month period ended 30 September 2015 that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

Tareq M. Bouresli License No. 75-A PKF Bouresli & Co.

Member of PKF International

Kuwait 15 November 2015 Ali Owaid Rukheyes

License No. 72-A

Member of the International Group of Accounting Firms

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

				Exhibit - A
			Kuwaiti Dinars	
		30 September	31 December	30 September
	Note	2015	2014 (Audited)	2014 (Unaudited)
Assets	Note	(Unaudited)	(Audited)	(Unaudited)
Current Assets				
Cash and cash equivalents		3,493,116	4,029,698	4,287,005
Trade and other receivables		57,133,443	121,996,083	114,409,426
Investment at fair value through profit or loss	5	5,156	6,932	7,792
Due from related parties	J	4,640,431	4,105,012	3,654,644
Contract in progress – due from customers		3,038,095	3,808,316	4,981,475
Inventories		28,923,076	24,245,669	24,688,226
mventories		97,233,317	158,191,710	152,028,568
Non-current assets		07,200,017	100,101,110	102,020,000
Investments available for sale	5	3,597,154	3,597,154	4,142,740
Investment in associates	6	69,304,770	1	1
Investment in properties	7	2,415,000	2,415,000	2,144,000
Investments in unconsolidated subsidiaries	8	559,925	601,378	589,892
Property and equipment		18,288,929	16,906,966	11,965,980
Goodwill		395,964	395,964	595,964
		94,561,742	23,916,463	19,438,577
Total assets		191,795,059	182,108,173	171,467,145
Liabilities and equity				
Current liabilities				
Bank overdrafts and promissory notes	9	24,357,963	19,013,543	19,542,428
Due to related parties		9,512,612	8,350,547	7,909,550
Trade and other payables	10	58,689,288	54,587,891	45,693,403
Term loans	11	35,071,533	48,922,130	48,628,591
		127,631,396	130,874,111	121,773,972
Non current liabilities				
Noncurrent portion of term loans	11	34,405,518	22,989,576	23,259,398
Post employment benefits		2,956,367	2,497,237	2,395,157
		37,361,885	25,486,813	25,654,555
Equity				
Attributable to the Company's shareholders	40	10 170 50 1	44.075.005	44075005
Capital	12	16,472,594	14,975,085	14,975,085
Share premium		7,877,292	7,877,292	7,877,292
Statutory reserve		462,576	462,576	209,763
Voluntary reserve		462,576	462,576	209,763
Treasury share reserve	40	17,230	17,230	17,230
Revaluation reserve	13	2,223,931	2,223,931	1,430,016
Foreign currency translation adjustments Fair valuation reserve		87,321 (1,632,041)	(2,546) (1,632,041)	(45,312) (1,571,964)
			, , , ,	
Retained earnings Treasury shares	14	987,335 (1,381,525)	1,895,239 (1,381,525)	2,177,349 (1,381,525)
Treasury Strates	14	25,577,289	24,897,817	23,897,697
Non-controlling interests		1,224,489	849,432	140,921
Total equity		26,801,778	25,747,249	24,038,618
Total liabilities and equity		191,795,059	182,108,173	171,467,145
Total habilities and equity		101,700,000	102, 100, 170	17 1,707, 170

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

Tareq Mohammed Al-Maoushargi

Arabi Group Holdings – K.S.C.P Kuwait

Interim Condensed Consolidated Statement of Income for the period ended 30 September 2015 (Unaudited)

					Exhibit - B
		Kuwait	i Dinars	Kuwaiti	Dinars
			ended 30 ember	9 months Septe	
	Note	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Sales		10,251,203	7,953,775	33,796,244	28,159,288
Contract revenue		11,045,461	7,061,992	37,301,681	20,076,457
		21,296,664	15,015,767	71,097,925	48,235,745
Cost of sales		(7,931,092)	(5,798,955)	(26,780,137)	(22,493,418)
Contract costs		(8,665,686)	(5,837,195)	(31,143,251)	(16,221,607)
		(16,596,778)	(11,636,150)	(57,923,388)	(38,715,025)
Gross profit		4,699,886	3,379,617	13,174,537	9,520,720
General and administrative expenses		(2,300,882)	(2,615,337)	(6,814,430)	(6,575,742)
Depreciation		(156,204)	(142,538)	(467,005)	(427,214)
Provision for doubtful debts		(23,976)	(1,830,072)	(348,379)	(1,843,094)
Provision for slow moving inventory		(51,922)	(32,316)	(132,260)	(96,912)
Profit/(loss) from operations		2,166,902	(1,240,646)	5,412,463	577,758
Unrealized loss from investments at					
fair value through profit or loss		(893)	(792)	(1,776)	(771)
Share of (loss)/profit of unconsolidated					
subsidiaries		(44,904)	(5)	(41,453)	872
Other income	15	538,029	3,964,925	1,756,956	4,901,732
Interest expenses		(2,462,073)	(1,644,530)	(6,081,156)	(3,742,247)
Profit before contribution to KFAS,					
Zakat and NLST		197,061	1,078,952	1,045,034	1,737,344
KFAS		(649)	(14,743)	(5,985)	(19,740)
Zakat		(3,828)	(26,335)	(19,847)	(35,165)
National Labour Support Tax (NLST)		(9,567)	(65,837)	(49,620)	(87,912)
Profit for the period		183,017	972,037	969,582	1,594,527
Attributable to:					
Equity holders of the Company		73,023	1,531,181	589,605	2,050,490
Non-controlling interest		109,994	(559,144)	379,977	(455,963)
		183,017	972,037	969,582	1,594,527
Basic and diluted earnings per share for	•				
the period (fils)	16	0.46	9.64	3.73	12.91

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

Arabi Group Holdings – K.S.C.P Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income for the period ended 30 September 2015 (Unaudited)

				Exhibit - C
	Kuwaiti	Dinars	Kuwaiti	Dinars
	3 months Septe		9 months Septe	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Profit for the period Other comprehensive income: Items that may be reclassified subsequently to income statement Net unrealized loss on available for sale	183,017	972,037	969,582	1,594,527
investments	_	1,283	-	1,283
Change in foreign currency translation Total comprehensive income for the	13,748	49,628	84,947	49,673
period	196,765	1,022,948	1,054,529	1,645,483
Attributable to:				
Equity holders of the Company	84,835	1,595,118	679,472	2,115,478
Non-controlling interest	111,930	(572,170)	375,057	(469,995)
	196,765	1,022,948	1,054,529	1,645,483

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

Group Holdings – K.S.C.P

n Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2015 (Unaudited)

												Exh	Exhibit – D
						Ϋ́	Kuwaiti Dinars						
				Equity attril	outable to the	Equity attributable to the Parent Company's Shareholders	any's Shareho	lders				Non controlling interest	Total Equity
	Capital	Share	Statutory	Voluntary	Treasury shares reserve	Revaluation reserve	Foreign currency translation adjustments	Fair valuation reserve	Retained	Treasury	Total		
31 December 2014-	14,975,085	7,877,292	462,576	462,576	17,230	2,223,931	(2,546)	(2,546) (1,632,041)	1,895,239	1,895,239 (1,381,525) 24,897,817	24,897,817	849,432	849,432 25,747,249
us shares note 12	1,497,509	,	1	•	'	1	•	1	(1,497,509)	1	•	,	•
hensive income for the dited)	ı	1	'	'	'	'	89,867	1	589,605	1	679,472	375,057	1,054,529
0 September 2015 -	16,472,594	7,877,292	462,576	462,576	17,230	2,223,931	87,321	(1,632,041)	987,335	(1,381,525)	25,577,289	1,224,489	26,801,778
1 December 2013-	14,261,986	7,877,292	209,763	209,763	17,230	1,430,016	(909'66)	(99,605) (1,582,659)	839,958	839,958 (1,328,065)	21,835,679	610,916	22,446,595
s shares pensive income for the	713,099	1	•	1	•	•	ı	1	(713,099)	1	ı	ı	1
lited)	•	•	,	•	•	•	54,293	10,695	2,050,490	•	2,115,478	(469,995)	1,645,483
easury shares note 14		1		1	1	1			1	(53,460)	(53,460)	1	(53,460)
September 2014 -	14,975,085	7,877,292	209,763	209,763	17,230	1,430,016	(45,312)	(45,312) (1,571,964)	2,177,349	2,177,349 (1,381,525)	23,897,697	140,921	24,038,618
panying notes are an integral part of this interim condensed consolidated financial information.	integral part o	of this interim	condensed	consolidate	d financia	l information	نے						

Arabi Group Holdings - K.S.C.P Kuwait

Interim Condensed Consolidated Statement of Cash Flows for the period ended 30 September 2015 (Unaudited)

		Exhibit - E
	Kuwaiti	Dinars
	9 months Septe	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flows – operating activities	000 500	1 504 527
Profit for the period	969,582	1,594,527
Adjustments for:	4 400 400	700,000
Depreciation and amortization	1,180,409	768,960
Gain on sale of sale of property and equipment	(362,094)	(4,078,533)
Unrealized loss from investments at fair value through profit or loss	1,776	771
Shares of loss/ (profit) from unconsolidated subsidiaries	41,453	(872)
Interest expense	6,081,156	3,742,247
Operating profit before changes in working capital	7,912,282	2,027,100
Decrease/(increase) in trade and other receivables	64,862,640	(39,714,831)
(Increase)/decrease in due from related parties	(535,419)	1,401,345
Decrease in due from customers for contract work	770,221	399,707
Increase in inventories	(4,677,407)	(10,011,693)
Increase in trade and other payables	4,101,397	9,224,119
Increase in due to related parties	1,162,065	6,279,308
Increase in post employment benefits	459,130	185,245
Net cash from/(used in) operating activities	74,054,909_	(30,209,700)
Cash flows from investing activities		
Purchase of property and equipment – net	(2,758,609)	(4,608,443)
Proceeds from sale of property and equipment	558,331	4,285,276
Acquisition of investment in associate	(69,304,769)	-
Acquisition of available for sale of investments	<u>.</u>	(930,000)
Net cash used in investing activities	(71,505,047)	(1,253,167)
Cash flows from financing activities		
Increase in bank overdrafts and promissory notes	5,344,420	2,253,266
(Decrease)/increase in term loans	(2,434,655)	36,077,762
Interest paid	(6,081,156)	(3,742,247)
Purchase of treasury shares		(53,460)
Net cash (used in)/from financing activities	(3,171,391)	34,535,321
Net (decrease)/increase in cash on hand and at banks	(621,529)	3,072,454
Effect of exchange rate changes on cash and cash equivalents	84,947	49,673
Cash and cash equivalents at the beginning of the period	4,029,698	1,164,878
Cash and cash equivalents at the end of the period	3,493,116	4,287,005

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

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

1. Establishment and activities of the Company

Arabi Group Holdings K.S.C.P (the Parent Company) is a Kuwaiti shareholding company incorporated on 5 December 1982 and is listed on the Kuwait Stock Exchange. The registered office of the Parent Company is P.O. Box 4090, Safat, 13041, Kuwait and its principal activities are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and participating in the establishment of such companies
- Participating in the management of companies in which it owns shares.
- Lending money to companies in which its owns shares, and guaranteeing third party loans in companies where it owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies within or outside the State of Kuwait.
- Owning real estate and movable property to conduct its operations.

The Parent Company and its subsidiaries: Arabi Company W.L.L., Arabi Engineering and Mechanical Works Company W.L.L. and Arabi Enertech Co. KSCC are collectively referred to as "the Group" in this interim condensed consolidated financial information.

This interim condensed consolidated financial information was authorized for issue by the Board of Directors on 15 November 2015.

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

2. Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of interim condensed consolidated financial information are consistent with those used in preparation of annual financial statements for the year ended 31 December 2014.

This interim condensed consolidated financial information does not contain all information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. For further information, refer to the financial statements and notes thereto included in the Group's annual financial statements for the year ended 31 December 2014.

3. Critical accounting judgment and estimates

Receivable from contract customers

- a) Recoverability from contract customers trade receivables & contract in progress
- (i) Legal receivables

The Group has receivables amount of KD 11,558,450 (31 December 2014: KD 11,457,733; 30 September 2014: KD 10,486,059) from contract customers which are under legal dispute. Presently, the matters are referred by Court and are under various stages. The Group's management is confident and it estimates that the carrying amount of the assets will be recovered in full and are not impaired.

Arabi Group Holdings – K.S.C.P Kuwait

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

(ii) Non legal receivables

The Group has net receivables amount of KD 1,673,041 (31 December 2014: KD 1,689,220; 30 September 2014: KD 2,651,816) from contract customers with respect to partly or completed contracts. The management is in the process of obtaining acceptance from the contract customers towards work executed and completing the contacts. The Group's management is confident and it estimates that the carrying amount of the assets will be recovered in full and is not impaired.

With respect to the above total receivables of KD 13,231,491 (31 December 2014: KD 13,146,953; 30 September 2014: KD 13,137,875); KD 10,709,635 (31 December 2014: KD 10,725,814; 30 September 2014: KD 9,190,096) is included in trade receivables and KD 2,521,856 (31 December 2014: KD 2,421,139; 30 September 2014: KD 3,947,779) is included in contract in progress.

4. Subsidiaries

The principal subsidiaries are:

Subsidiary	Country of incorporation		Percentage of Ownership	
		30 September 2015	31 December 2014	30 September 2014
Arabi Company WLL Arabi Engineering and Mechanical Works Company	Kuwait	100%	100%	100%
WLL	Kuwait	100%	100%	100%
Arabi Enertech Co KSCC Held through Arabi	Kuwait	73.08%	73.08%	73.08%
Gulf Services & Industrial Supplies Co. L.L.C.	Oman	100%	100%	100%
Arabi Company – Qatar W.L.L.	Qatar	100%	100%	100%
Altech Corporation Limited (Formerly Jayakrishna Aluminium Limited)	India	90.03%	90.03%	90.03%
Warba Mechanical				
Equipments L.L.C.	UAE	70%	70%	70%

0.05% of the ownership in Arabi Company WLL and 0.20% of the ownership in Arabi Engineering and Mechanical Works Company WLL are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of these shares in the subsidiaries.

The Parent Company has consolidated the interim condensed financial information(unaudited) of all its subsidiaries which are been reviewed by independent auditors for the nine months ended 30 September 2015 while preparing this interim condensed consolidated financial information(unaudited). Total assets of the subsidiaries amounted to KD 123,512,984 as of 30 September 2015 (30 September 2014: KD 99,145,478) and the subsidiaries net profit was KD 2,816,196 for the nine months ended 30 September 2015 (30 September 2014: KD 1,029,562).

5. Investments

		Kuwaiti Dinars	
	30 September	31 December	30 September
	2015	2014	2014
	(Unaudited)	(Audited)	(Unaudited)
Investments at fair value through profit & loss:			
Quoted securities held for trading	5,156	6,932	7,792
	5,156	6,932	7,792
Investments available for sale:			
Unquoted securities	3,597,154	3,597,154	4,142,740
	3,597,154	3,597,154	4,142,740

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

6. Investment in associates

The Group has the following investment in associates:

			Kuwaiti Dinars	
		30 Santambar	31	30 Santambar
	Percentage of	September 2015	December 2014	September 2014
Associates	ownership	(Unaudited)	(Audited)	(Unaudited)
Kuwait Health Assurance Company KSCC	26%	69,304,769	-	-
Agricultural Environmental Projects Company W.L.L	40%	1	1	1
		69,304,770	1	1

Following are the movement on investment in associates:

		Kuwaiti Dinars	
	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Opening balance	1	1	1
Transfer from trade and other receivables	69,304,769		<u> </u>
Closing balance	69,304,770	1	1

Kuwait Health Assurance Company KSCC (KHAC) in Kuwait

The Group has been awarded the bid to invest in the equity shares equivalent to 26% in establishing a new company – Kuwait Health Assurance Company (KHAC) in Kuwait as a strategic investor against tender issued from Kuwait Investment Authority (on behalf of the Government of Kuwait).

During the current quarter, all the formalities of establishing a new company (KHAC) have been completed and accordingly, the Group has accounted KD 69,304,769 as investment in associates as

Arabi Group Holdings – K.S.C.P Kuwait

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

per IAS 28. Previously, it was disclosed as advance under trade and other receivables. Investment in associates includes the purchase price and other costs attributable to its acquisition.

The investment in associate is carried at initial cost which consists of KD 29,900,000 towards 50% of the share capital of KHAC subscribed by the Group, KD 35,880,000 towards amount paid by the Group as added value for winning the bid as a strategic investor for obtaining 26% the equity shares in KHAC, and KD 3,524,769 as other transaction costs.

The associate has not commenced its operation and the financial statements are not available to report Group's share in associate's net assets.

The Group has further commitment of KD 29,900,000 as its capital contribution towards balance 50% uncalled and unpaid share capital of KHAC.

The Group has undertaking to mortgage entire 26% its share in KHAC against loans obtained by the Group as disclosed in note 11.

Agricultural Environmental Projects Company W.L.L, Kuwait

The Group does not recognize future loss of Agricultural Environmental Projects Company W.L.L, as its share of losses in associate exceeds its interest in the associate. The assets, liabilities, revenues and profit/ (loss) of associate based on their management accounts are as follows:

		Ku	waiti Dinars	
	Assets	Liabilities	Revenue	Net (loss)/ profit
30 September 2015 (Unaudited)	2,375,373	3,010,834	475,247	(252,443)
31 December 2014 (Audited)	2,596,768	2,979,754	1,499,560	10,614
30 September 2014 (Unaudited)	2,497,264	2,899,805	1,134,964	(8,940)

The shares of both above associates are not presently publicly listed on stock exchange and hence published price quotes are not available.

7. Investment in properties

		Kuwaiti Dinars	
	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Opening balance Income on fair value of investment properties	2,415,000	2,144,000 271,000	2,144,000
Closing balance	2,415,000	2,415,000	2,144,000

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

8. Investment in unconsolidated subsidiaries

		Kuwaiti Dinars		
<u>Name</u>	Percentage of holding %	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Daleel International Co. W.L.L.	100	-		-
Call to Connect India Private Limited Workers Equity Holding – B.S.C.	60	17,984	59,288	40,858
(Closed)	60	441,941	442,090	449,034
Mobivision Holding Company –				
B.S.C. (Closed)	60	-	-	-
Arabi Aviation Company	100	100,000	100,000	100,000
KEY BS JLT- WLL	100			
		559,925	601,378	589,892

The Group has not consolidated these subsidiaries since they are not material to the interim condensed consolidated financial information. The Group's share of profit from these subsidiaries for the nine months ended 30 September 2015 has been recognised based on their management accounts.

9. Bank overdrafts and promissory notes

The effective interest rates on bank overdraft facilities and promissory notes were 2% to 4% per annum (31 December 2014 and 30 September 2014 ranging from 2% to 4% per annum) over the Central Bank of Kuwait discount rate. A portion of these facilities amounting to KD 3,723,064 (31 December 2014: KD 4,083,939; 30 September 2014: KD 4,326,688) carries an effective interest rate of 2% to 7.50% (31 December 2014: 2% to 8%; 30 September 2014: 2% to 7.50%) per annum over three months LIBOR.

These facilities are secured by the personal guarantees of the shareholders, corporate guarantee of the Group and mortgage of Group's freehold land and buildings and assignment of contract proceeds in favour of the lending banks.

10. Trade and other payables

Trade and other payables includes KD 21,528,000 towards funds availed from a third party for Group's investment in associate KHAC as disclosed in note 6. The settlement arrangement with the third party is under negotiation.

11. Term loans

	Kuwaiti Dinars			
	30 September 2015	31 December 2014	30 September 2014	
	(Unaudited)	(Audited)	(Unaudited)	
Current				
Short term loans	18,118,299	45,614,340	45,171,455	
Current portion of long term loans	16,953,234	3,307,790	3,457,136	
	35,071,533	48,922,130	48,628,591	
Non current				
Noncurrent portion of long term loans	34,405,518	22,989,576	23,259,398	
	69,477,051	71,911,706	71,887,989	

The effective interest rate on short term loans which are repayable within one year was 4% to 8% per annum (31 December 2014: 4% to 8%; 30 September 2014: 4% to 8% per annum). These loans are secured by the personal guarantees of shareholders, guarantees from the Company and certain receivables.

Long term loans carry an effective interest rate of 4% to 7.5% per annum (31 December 2014: 4% to 7.5%; 30 September 2014: 4% to 7.5% per annum). These loans are secured against guarantees from the Company, personal guarantee and shares of shareholders, mortgage of Group's properties, investment properties, certain contract receivables, mortgage of third party properties, term deposits of subsidiary, term deposits of related parties, part of proceeds from the receivables of subsidiaries and related parties and undertaking to mortgage entire 26% of Company's share of Kuwait Health Assurance Company KSCC. The portion of the loans maturing within one year from the financial position date is shown as a current liability.

12. Equity

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

The issued and paid up share capital of the Company comprises of 164,725,945 of 100 fils each (31 December 2014: 149,750,859 and 30 September 2014: 149,750,859 shares of 100 fils each).

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

Bonus issue

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

13. Revaluation reserve

Revaluation reserve represents the Parent Company's share of surplus arising on revaluation of one of the subsidiaries building and lease hold land. The management of the Group has decided to revalue said assets every five years.

14. Treasury shares

		Kuwaiti Dinars		
	30 September	31 December	30 September	
	2015	2014	2014	
	(Unaudited)	(Audited)	(Unaudited)	
Number of shares (share)	6,511,518	5,919,182	5,919,182	
Percentage of issued shares (%) Market value (KD) Cost (KD)	3.95%	3.95%	3.95%	
	553,479	923,392	1,112,806	
	1,381,525	1,381,525	1,381,525	

15. Other income

	Kuwaiti Dinars 3 months ended 30 September		Kuwaiti Dinars 9 months ended 30 September	
	2015	2014	2015	2014
Commission and discounts Foreign exchange (loss)/gain Gain on sale of property and equipment Others Legal claims received Dividend	24,423 (12,561) 352,214 173,953	66,876 5,439 3,776,868 115,742	216,350 819 362,094 606,779 570,914	210,705 7,779 3,778,533 541,306 - 363,409 4,901,732

16. Earnings per share attributable to equity holders of the Company

Earnings per share based on the weighted average number of shares outstanding the period is as follows:

	Kuwaiti	Dinars	Kuwaiti Dinars	
	3 months	ended 30	9 months ended 30	
	Septe	ember	September	
	2015	2014	2015	2014
Profit attributable to equity holders of				
the Company	73,023	1,531,181	589,605	2,050,490
	Shares	Shares	Shares	Shares
Weighted average number of shares outstanding during the period	158,214,562	158,806,506	158,214,562	158,811,431
Earnings per transactions – Basic and diluted (fils)	0.46	9.64	3.73	12.91

17. Related party transactions

During the period ended 30 September 2015 the Group has entered into various transactions with related parties in the normal course of business including financing and other related services on terms approved by the management. Balances with related parties are disclosed in the statement of financial

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

position. Transactions with related parties included in the condensed consolidated statement of income are as follows:

	Kuwaiti Dinars 3 months ended 30 September		Kuwaiti Dinars 9 months ended 30 September	
	2015	2014	2015	2014
Key management compensation General and administrative expenses Interest income	46,500 15,750 89,458	34,200 47,250 25,718	139,500 47,250 265,417	102,600 47,250 25,718

18. Segment information

The Group operating segments are determined based on the reports reviewed by the chief executive function that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operations segments meet the criteria for reportable segments and are follows:

Retail operations : Consists of sale equipment and tools.

Engineering operations : Consists of mechanical projects and sale of related equipment.

Electrical operations : Consists of electrical projects and sale of related equipment.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The Group measures the performance of operating segments through measure of segment profit or loss net of taxes in management and reporting system.

The following table presents revenue and results information regarding the Group's reportable segment.

			Kuwaiti Dinars		
	Retail	Engineering	Electrical	Unallocated	
	operations	operations	operations	items and eliminations	Total
Nine months ended 30 Sep Segment revenue	tember 2015 (Unaudited)			
oeginent revenue	22,939,690	47,906,802	263,569	(12,136)	71,097,925
Segment results	1,300,855	1,514,348	993	(1,846,614)	969,582
Nine months ended 30 September 2014 (Unaudited)					
Segment revenue	20,120,970	27,674,705	498,555	(58,485)	48,235,745
Segment results	525,947	(1,581,810)	26,301	2,624,089	1,594,527

Arabi Group Holdings - K.S.C.P Kuwait

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

19. Contingent liabilities

The group was contingently liable in respect of the following

	Kuwaiti Dinars		
	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Documentary letters of credit	1,877,213	3,423,926	5,207,960
Letters of guarantees	44,589,971	43,693,751	43,228,636
Letters of acceptance	627,335	697,713	1,041,998
	47,094,519	47,815,390	49,478,594

20. General Assembly of Shareholders

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