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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2017

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

BAKER TILLY KUWAIT

Audit, tax and consulting
P.O.Box 1486 Safat 13015
Kuwait

T: +965 1887799
F: +965 22942651

info@bakertillykuwait.com
www.bakertillykuwait.com

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 September 2017, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine 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 nine 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, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association that have occurred during the nine months period ended 30 September 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

9 November 2017
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2017

	Notes	*Three months ended 30 September*		*Nine months ended 30 September*	
		2017	*2016*	***2017***	*2016*
		KD	*KD*	***KD***	*KD*
Revenues		**991,818**	5,624,752	**7,284,562**	12,734,039
Cost of revenues		**(3,038,804)**	(8,083,977)	**(9,846,137)**	(17,305,675)
GROSS LOSS		**(2,046,986)**	(2,459,225)	**(2,561,575)**	(4,571,636)
Rental income		**-**	1,487	**-**	64,156
Investment property expenses		**-**	(48,909)	**-**	(122,574)
Provision for doubtful debts	4	**(6,614)**	-	**(6,614)**	(167,772)
Other income		**92,204**	48,211	**354,990**	213,962
Depreciation		**(17,282)**	(12,462)	**(51,446)**	(36,882)
Staff costs		**(156,778)**	(253,690)	**(606,059)**	(640,398)
General and administrative expenses		**(147,501)**	(117,985)	**(491,513)**	(262,831)
Selling and distribution expenses		**(3,414)**	(45,558)	**(26,804)**	(59,344)
LOSS FROM OPERATIONS		**(2,286,371)**	(2,888,131)	**(3,389,021)**	(5,583,319)
Gain on sale of property and equipment		**-**	1,246,334	**-**	1,309,122
Gain on sale of investment properties		**-**	-	**-**	1,465,821
Realised gain (loss) on sale of financial assets available for sale		**-**	22,909	**(12,117)**	46,351
Dividend income		**61,001**	11,717	**74,663**	41,668
Foreign exchange (loss) gain		**(6,434)**	9,932	**(39,365)**	28,880
Finance costs		**(20,107)**	(86,076)	**(73,056)**	(240,744)
LOSS FOR THE PERIOD		**(2,251,911)**	(1,683,315)	**(3,438,896)**	(2,932,221)
BASIC AND DILUTED LOSS PER SHARE	3	**(16.51) fils**	(12.34) fils	**(25.21) fils**	(21.50) fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2017

	Three months ended 30 September		*Nine months ended 30 September*	
	2017	*2016*	***2017***	*2016*
	KD	*KD*	***KD***	*KD*
LOSS FOR THE PERIOD	**(2,251,911)**	(1,683,315)	**(3,438,896)**	(2,932,221)
OTHER COMPREHENSIVE (LOSS) INCOME:				
Items that are or may be reclassified to interim condensed consolidated statement of income:				
- Net unrealised loss on financial assets available for sale	**(1,548)**	(102,315)	**(7,593)**	(78,036)
- Transferred to interim condensed consolidated statement of income on sale of financial assets available for sale	**-**	(22,909)	**18,183**	(46,351)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(1,548)**	(125,224)	**10,590**	(124,387)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(2,253,459)**	(1,808,539)	**(3,428,306)**	(3,056,608)

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2017

	Notes	*30 September 2017 KD*	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
ASSETS				
Non-current assets				
Property and equipment		**13,612,183**	11,503,384	12,192,464
Investment properties		**1,002,000**	1,002,000	1,013,500
Financial assets available for sale		**334,405**	369,977	361,495
Accounts receivable and others	4	**618,356**	429,485	494,372
		15,566,944	13,304,846	14,061,831
Current assets				
Inventories	5	**1,124,632**	1,598,950	1,307,030
Work in progress		**73,681**	38,078	50,335
Accounts receivable and others	4	**5,994,225**	8,777,985	8,835,313
Bank balances and cash	6	**4,495,753**	7,016,102	11,769,427
		11,688,291	17,431,115	21,962,105
TOTAL ASSETS		**27,255,235**	30,735,961	36,023,936
EQUITY AND LIABILITIES				
Equity				
Share capital		**13,640,000**	13,640,000	13,640,000
Cumulative changes in fair values reserve		**(6,931)**	(17,521)	(26,003)
Revaluation reserve		**1,115,809**	1,115,809	1,677,839
Accumulated losses		**(5,300,716)**	(1,861,820)	(1,042,757)
Total equity		**9,448,162**	12,876,468	14,249,079
Non-current liabilities				
Employees' end of service benefits		**1,090,108**	915,846	863,037
Term loans	7	**5,701,737**	4,976,032	5,500,916
		6,791,845	5,891,878	6,363,953
Current liabilities				
Term loans	7	**3,517,176**	2,917,998	3,413,641
Accounts payable and accruals	8	**7,480,512**	9,049,617	9,592,023
Amount due to a related party	10	**17,540**	-	2,034,880
Bank overdrafts	6	**-**	-	370,360
		11,015,228	11,967,615	15,410,904
Total liabilities		**17,807,073**	17,859,493	21,774,857
TOTAL EQUITY AND LIABILITIES		**27,255,235**	30,735,961	36,023,936

Musaed Abdulaziz Al-Osaimi
Chairman

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2017

	Share capital KD	*Cumulative changes in fair values 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	-	-	-	(3,438,896)	(3,438,896)
Other comprehensive income for the period	-	10,590	-	-	10,590
Total comprehensive income (loss) for the period	-	10,590	-	(3,438,896)	(3,428,306)
As at 30 September 2017	**13,640,000**	**(6,931)**	**1,115,809**	**(5,300,716)**	**9,448,162**
As at 1 January 2016 (Audited)	13,640,000	98,384	7,379,027	(3,811,724)	17,305,687
Loss for the period	-	-	-	(2,932,221)	(2,932,221)
Other comprehensive loss for the period	-	(124,387)	-	-	(124,387)
Total comprehensive loss for the period	-	(124,387)	-	(2,932,221)	(3,056,608)
Transfer of revaluation reserve to accumulated losses on sale	-	-	(5,701,188)	5,701,188	-
As at 30 September 2016	13,640,000	(26,003)	1,677,839	(1,042,757)	14,249,079

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2017

	Notes	Nine months ended 30 September 2017 KD	Nine months ended 30 September 2016 KD
OPERATING ACTIVITIES			
Loss for the period		**(3,438,896)**	(2,932,221)
Adjustments to reconcile loss for the period to net cash flows:			
Depreciation		**868,452**	899,904
Gain on sale of property and equipment		**-**	(1,309,122)
Unrealised gain on revaluation of investment properties		**-**	(1,465,821)
Realised loss (gain) on sale of financial assets available for sale		**12,117**	(46,351)
Dividend income		**(74,663)**	(41,668)
Provision for doubtful debts	4	**6,614**	167,772
Provision for employees' end of service benefits		**228,569**	120,313
Finance costs		**73,056**	240,744
		(2,324,751)	(4,366,450)
Working capital changes:			
Inventories		**474,318**	1,228,044
Work in progress		**(35,603)**	123,904
Accounts receivable and others		**2,588,275**	(3,404,430)
Accounts payable and accruals		**(1,569,105)**	(464,695)
Amount due to a related party		**17,540**	720,728
Cash flows used in operations		**(849,326)**	(6,162,899)
Employees' end of service benefits paid		**(54,307)**	(168,465)
Net cash flows used in operating activities		**(903,633)**	(6,331,364)
INVESTING ACTIVITIES			
Additions to property and equipment		**(2,977,251)**	(228,755)
Proceeds from sale of property and equipment		**-**	8,754,568
Proceeds from sale of investment properties		**-**	10,044,000
Proceeds from sale of financial assets available for sale		**34,045**	301,843
Dividend income received		**74,663**	41,668
Net cash flows (used in) from investing activities		**(2,868,543)**	18,913,324
FINANCING ACTIVITIES			
Proceeds from term loans		**2,778,040**	1,397,857
Repayment of term loans		**(1,453,157)**	(327,178)
Repayment of murabaha payables		**-**	(2,442,993)
Finance costs paid		**(73,056)**	(240,744)
Movement in restricted bank balances		**1,094,254**	(3,860,306)
Net cash flows from (used in) financing activities		**2,346,081**	(5,473,364)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,426,095)**	7,108,596
Cash and cash equivalents at beginning of the period		**2,387,102**	430,165
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	6	**961,007**	7,538,761

The attached notes 1 to 13 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 nine months period ended 30 September 2017 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 9 November 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.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

Operating results for the nine months period ended 30 September 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 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 September, 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 nine months periods ended 30 September is as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2017	*2016*	***2017***	*2016*
Loss for the period (KD)	**(2,251,911)**	(1,683,315)	**(3,438,896)**	(2,932,221)
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	**(16.51) fils**	(12.34) fils	**(25.21) fils**	(21.50) fils

4 ACCOUNTS RECEIVABLE AND OTHERS

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Trade receivables and receivables from construction contracts, gross	**8,424,207**	9,506,141	10,109,857
Less: provision for trade receivables and receivables from construction contracts	**(5,900,175)**	(5,893,561)	(5,882,098)
Trade receivables and receivables from construction contracts, net	**2,524,032**	3,612,580	4,227,759
Retentions receivable, gross	**1,002,355**	928,696	918,829
Less: provision for retentions receivable	**(34,927)**	(34,927)	(34,927)
Retentions receivable, net	**967,428**	893,769	883,902
Advances to suppliers, gross	**693,871**	996,253	951,105
Less: provision for advances to suppliers	**(118,553)**	(118,553)	(118,553)
Advances to supplier, net	**575,318**	877,700	832,552
Gross amounts due from customers for contract works	**1,726,816**	2,904,902	2,080,400
Accrued revenue	**185,313**	152,836	223,991
Prepaid expenses and other receivables	**633,674**	765,683	1,081,081
	6,612,581	9,207,470	9,329,685
Non-current	**618,356**	429,485	494,372
Current	**5,994,225**	8,777,985	8,835,313
	6,612,581	9,207,470	9,329,685

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

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
At the beginning of the periods/ year	**6,047,041**	5,916,558	5,916,558
Charge for the periods/ year	**6,614**	179,643	167,772
Written off during the periods/ year	**-**	(49,160)	(48,752)
At the end of the periods/ year	**6,053,655**	6,047,041	6,035,578

5 INVENTORIES

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Equipment for resale	**638,022**	947,298	831,036
Spare parts	**902,366**	875,242	906,214
Raw materials	**-**	-	83,039
	1,540,388	1,822,540	1,820,289
Less: provision for obsolete and slow moving inventories	**(460,244)**	(460,244)	(556,801)
	1,080,144	1,362,296	1,263,488
Add: goods in transit	**44,488**	236,654	43,542
	1,124,632	1,598,950	1,307,030

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

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 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

6 CASH AND CASH EQUIVALENTS

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

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Bank balances and cash	**4,495,753**	7,016,102	11,769,427
Bank overdrafts	**-**	-	(370,360)
Cash and cash equivalents as per interim condensed consolidated statement of financial position	**4,495,753**	7,016,102	11,399,067
Less: balances in restricted accounts	**(3,534,746)**	(4,629,000)	(3,860,306)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**961,007**	2,387,102	7,538,761

As at 30 September 2017, bank balances amounting to KD 1,846,250 (31 December 2016: KD Nil and 30 September 2016: KD Nil) are mortgaged as a security against a term loan obtained from a local bank (Note 7).

7 TERM LOANS

	Effective interest rate	*Maturity date*	***30 September 2017 KD***	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
	3.25% above Central Bank of Kuwait discount rate	30 October 2016	-	-	20,000
	2.5% above Central Bank of Kuwait discount rate	18 October 2016	-	-	300,000
*	4% above Central Bank of Kuwait discount rate	30 April 2020	**348,750**	450,000	483,750
**	4% above Central Bank of Kuwait discount rate	31 July 2020	**5,519,024**	6,415,245	6,862,821
**	4% above Central Bank of Kuwait discount rate	30 September 2018	**83,594**	186,008	229,566
**	4% above Central Bank of Kuwait discount rate	31 January 2018	**489,505**	493,338	494,262
**	2.5% above Central Bank of Kuwait discount rate	30 June 2017	-	349,439	524,158
**	4% above Central Bank of Kuwait discount rate	31 May 2022	**2,778,040**	-	-
			9,218,913	7,894,030	8,914,557
	Non-current		**5,701,737**	4,976,032	5,500,916
	Current		**3,517,176**	2,917,998	3,413,641
			9,218,913	7,894,030	8,914,557

* 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 September 2017, property and equipment with a carrying value amounting to KD 4,092,076 (31 December 2016: KD 4,455,309 and 30 September 2016: KD 5,420,550) and bank balances with a carrying value amounting to KD 1,846,250 (31 December 2016: KD Nil and 30 September 2016: KD Nil) are mortgaged as a security against a term loan obtained from a local bank (Note 6).

As at 30 September 2017, the Group defaulted to settle certain instalments of a loan from a local financial institution amounted to KD 446,504 and agreed to settle this amount within two months from the maturity date. Subsequent to the period end, an amount of KD 69,520 has been settled to the financial institution.

Subsequent to the reporting date, the Group has fully settled a term loan amounted to KD 489,505 as at 30 September 2017 (31 December 2016: KD 493,338 and 30 September 2016: KD 494,262) precedent to its original due date on 31 January 2018.

8 ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Trade payables	**4,085,806**	4,611,929	5,638,373
Amount due to a related party (Note 10)	**142,050**	-	-
Notes payable	**634,658**	1,141,156	556,632
Advances received from customers	**333,718**	410,699	510,575
Retentions payable	**92,831**	56,657	-
Gross amounts due to customers for contract works	**111,301**	55,296	6,195
Accrued expenses	**557,251**	297,609	226,846
Staff payables	**656,592**	556,389	609,633
Provision for expected losses from contracts	**621,131**	1,542,817	1,773,847
Other liabilities	**245,174**	377,065	269,922
	7,480,512	9,049,617	9,592,023

9 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 2017 and approved the consolidated financial statements of the Group for the year ended 31 December 2016.

10 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 September 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 shareholder 30 September 2017 KD	*Other related parties 30 September 2017 KD*	*Total 30 September 2017 KD*	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Amounts due to related parties					
Specialities Group Holding Company K.S.C.P.	**17,540**	-	**17,540**	-	2,034,880
Previous chairman (Note 8)	-	**142,050**	**142,050**	-	-

10 RELATED PARTY TRANSACTIONS (continued)

	Three months ended 30 September		*Nine months ended 30 September*	
	2017	*2016*	***2017***	*2016*
	KD	*KD*	***KD***	*KD*
Compensation of key management personnel				
Salaries and other short term benefits	**18,573**	30,611	**80,016**	92,942
Employees' end of service benefits	**910**	-	**6,831**	-
	19,483	30,611	**86,847**	92,942

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

As at 30 September 2017, the Group has been provided with bank guarantees issued in the ordinary course of business amounting to KD 8,600,065 (31 December 2016: KD 15,532,498 and 30 September 2016: KD 11,579,642) 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 September are, as follows:

	30 September 2017 KD	*(Audited) 31 December 2016 KD*	*30 September 2016 KD*
Operating lease commitments			
Future minimum lease payments:			
Within one year	**554,600**	674,940	475,680
After one year but less than five years	**1,768,770**	2,699,760	1,902,720
	2,323,370	3,374,700	2,378,400

12 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.

12 SEGMENTAL INFORMATION (continued)

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 September 2017					
Segment operating revenue	**2,001,922**	**5,282,640**	**-**	**62,546**	**7,347,108**
Segment results	**145,398**	**(3,285,082)**	**-**	**62,546**	**(3,077,138)**
Unallocated income					**343,960**
Unallocated expenses					**(705,718)**
Loss for the period					**(3,438,896)**
Period ended 30 September 2016					
Segment operating revenue	3,575,737	9,158,302	2,839,099	88,019	15,661,157
Segment results	338,725	(5,708,455)	2,716,525	88,019	(2,565,186)
Unallocated income					242,842
Unallocated expenses					(609,877)
Loss for the period					(2,932,221)
As at 30 September 2017					
Assets	**16,505,877**	**7,041,441**	**1,002,000**	**334,405**	**24,883,723**
Unallocated assets					**2,371,512**
Total assets					**27,255,235**
Liabilities	**12,820,519**	**4,633,706**	**-**	**-**	**17,454,225**
Unallocated liabilities					**352,848**
Total liabilities					**17,807,073**
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

12 SEGMENTAL INFORMATION (continued)

	Trading in construction equipment KD	*Construction, leasing and maintenance KD*	*Real estate KD*	*Investments KD*	*Total KD*
As at 30 September 2016					
Assets	14,078,835	9,858,590	1,013,500	361,495	25,312,420
Unallocated assets					10,711,516
Total assets					36,023,936
Liabilities	13,388,398	6,012,104	-	-	19,400,502
Unallocated liabilities					2,374,355
Total liabilities					21,774,857

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, accounts receivable and others and bank balances and cash. Financial liabilities consist of term loans, accounts payable and accruals, amounts due to related parties and bank overdrafts.

As at 30 September 2017, the fair values of financial instruments that are not carried at fair value are not materially different from their carrying amounts except for certain financial assets available for sale which are carried at cost less impairment with a carrying value of KD 281,694 as at 30 September 2017 (31 December 2016: KD 281,694 and 30 September 2016: KD 281,694), for which no reliable fair value measurement is available.