



**Qurain Petrochemical Industries Company
K.S.C.P. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 DECEMBER 2017 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF QURAIN PETROCHEMICAL INDUSTRIES COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qurain Petrochemical Industries Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 December 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 period then ended, and the related interim condensed consolidated statement of changes in equity and the 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 the 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 Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 31 December 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)

28 January 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 December 2017

		31 December 2017 KD	(Audited) 31 March 2017 KD	31 December 2016 KD
ASSETS				
Current assets				
Bank balances and cash	4	52,812,310	61,790,106	41,122,462
Trade and other receivables		36,364,335	31,997,465	17,611,281
Inventories		36,944,010	29,411,889	28,366,735
Financial assets at fair value through profit or loss		2,349,058	2,396,954	-
Total current assets		128,469,713	125,596,414	87,100,478
Non-current assets				
Due from a related party	9	1,250,000	1,250,000	1,250,000
Financial assets available for sale	5	198,115,488	198,817,002	184,665,586
Investment in associates and joint venture		91,239,548	85,819,737	98,216,511
Intangible assets		121,256,100	117,750,004	107,008,837
Property, plant and equipment		89,260,031	79,538,111	70,125,264
Total non-current assets		501,121,167	483,174,854	461,266,198
Total assets		629,590,880	608,771,268	548,366,676
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities				
Trade and other payables		49,261,565	39,413,418	31,676,082
Term loans		10,761,112	22,820,500	-
Total current liabilities		60,022,677	62,233,918	31,676,082
Non-current liabilities				
Employees' end of service benefits		11,800,007	11,659,748	9,978,699
Term loans		67,030,925	53,779,603	73,870,964
Total non-current liabilities		78,830,932	65,439,351	83,849,663
Total liabilities		138,853,609	127,673,269	115,525,745
EQUITY				
Share capital		109,919,258	109,919,258	109,919,258
Statutory reserve		22,604,499	22,604,499	18,983,391
Voluntary reserve		22,482,797	22,482,797	18,861,689
Treasury shares	6	(12,701,010)	(11,496,800)	(11,825,036)
Share based payment reserve		77,431	86,813	-
Other reserves		283,822	283,822	127,851
Cumulative changes in fair values		105,853,788	105,948,839	90,689,223
Foreign currency translation reserve		8,571,082	9,820,822	10,316,678
Retained earnings		99,781,368	95,210,844	84,088,269
Equity attributable to shareholders of the Parent Company		356,873,035	354,860,894	321,161,323
Non-controlling interests		133,864,236	126,237,105	111,679,608
Total equity		490,737,271	481,097,999	432,840,931
Total liabilities and equity		629,590,880	608,771,268	548,366,676


Sadoun A. Ali
Vice Chairman & CEO


Tanweer Ahmed Khalfay
Chief Financial Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 December 2017

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2017	2016	2017	2016
		KD	KD	KD	KD
Sales and service revenue		45,016,085	37,668,220	135,475,570	115,584,769
Cost of sales and services		(26,700,763)	(22,971,433)	(80,208,534)	(68,768,574)
GROSS PROFIT		18,315,322	14,696,787	55,267,036	46,816,195
Dividend income		37,575	877	409,818	337,680
Interest and other income		591,766	281,215	1,337,760	633,608
Investment income		(914)	78,795	131,814	223,641
Share of results of associates and joint venture		3,724,247	5,925,143	12,664,107	13,580,787
Impairment loss on financial assets available for sale		(10,285)	(150,086)	(1,672,247)	(150,086)
General and administrative expenses		(4,515,787)	(3,579,378)	(13,522,946)	(10,301,807)
Selling and distribution expenses		(6,948,140)	(7,215,819)	(21,571,588)	(21,883,017)
Finance costs		(681,271)	(320,595)	(1,922,155)	(953,352)
Foreign exchange (loss) gain		(921)	(10,554)	(32,656)	21,638
Profit before provision for taxation and board of directors' remuneration		10,511,592	9,706,385	31,088,943	28,325,287
Provision for taxation	7	(113,696)	(158,340)	(368,955)	(471,325)
Board of directors' remuneration		(37,500)	(37,500)	(112,500)	(112,500)
Profit for the period		10,360,396	9,510,545	30,607,488	27,741,462
Attributable to:					
Shareholders of the Parent Company		5,471,113	6,087,257	16,032,027	16,574,914
Non-controlling interests		4,889,283	3,423,288	14,575,461	11,166,548
		10,360,396	9,510,545	30,607,488	27,741,462
Basic earnings per share - attributable to shareholders of the Parent Company	8	5.26 fils	5.85 fils	15.39 fils	15.94 fils
Diluted earnings per share - attributable to shareholders of the Parent Company	8	5.24 fils	5.85 fils	15.36 fils	15.94 fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 December 2017

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	2017	2016	2017	2016
	KD	KD	KD	KD
Profit for the period	10,360,396	9,510,545	30,607,488	27,741,462
Other comprehensive (loss) income for the period:				
<i>Other comprehensive (loss) income for the period that are or may be subsequently reclassified to interim condensed consolidated statement of income:</i>				
Financial assets available for sale:				
- Net changes in fair value of financial assets available for sale	(1,101,740)	(155,606)	(987,043)	(136,006)
- Net gain on sale of financial assets available for sale transferred to interim condensed consolidated statement of income	-	(2,934)	(115,684)	(147,780)
- Impairment of financial assets available for sale transferred to interim condensed consolidated statement of income	10,285	150,086	1,672,247	150,086
Changes in associates reserves	64,581	763,871	(693,018)	(43,696)
Exchange differences arising on translation of foreign operations	360,638	3,759,900	(2,916,347)	3,289,595
Net (loss) gain on hedge of net investment in foreign operation	(56,132)	(979,264)	625,185	(1,161,437)
Other comprehensive (loss) income for the period	(722,368)	3,536,053	(2,414,660)	1,950,762
Total comprehensive income for the period	9,638,028	13,046,598	28,192,828	29,692,224
Attributable to:				
Shareholders of the Parent Company	4,602,737	7,844,330	14,687,236	17,358,800
Non-controlling interests	5,035,291	5,202,268	13,505,592	12,333,424
	9,638,028	13,046,598	28,192,828	29,692,224

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

Qurain Petrochemical Industries Company K.S.C.P. and Subsidiaries



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 December 2017

	Equity attributable to shareholders of the Parent Company											Total equity KD
	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Share based payment reserve KD	Other reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non- controlling interests KD	
As at 1 April 2017 (audited)	109,919,258	22,604,499	22,482,797	(11,496,800)	86,813	283,822	105,948,839	9,820,822	95,210,844	354,860,894	126,237,105	481,097,999
Profit for the period	-	-	-	-	-	-	-	-	16,032,027	16,032,027	14,575,461	30,607,488
Other comprehensive loss for the period	-	-	-	-	-	-	(95,051)	(1,249,740)	-	(1,344,791)	(1,069,869)	(2,414,660)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(95,051)	(1,249,740)	16,032,027	14,687,236	13,505,592	28,192,828
Purchase of treasury shares	-	-	-	(1,576,471)	-	-	-	-	-	(1,576,471)	-	(1,576,471)
Issuance of treasury shares against ESOP	-	-	-	372,261	-	-	-	-	-	372,261	-	372,261
Share based payment reserve	-	-	-	-	(9,382)	-	-	-	-	(9,382)	-	(9,382)
Dividends (Note 12)	-	-	-	-	-	-	-	-	(11,461,503)	(11,461,503)	-	(11,461,503)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,044,435)	(12,044,435)
Non-controlling interests arising on business combination (Note 14)	-	-	-	-	-	-	-	-	-	-	6,165,974	6,165,974
As at 31 December 2017	109,919,258	22,604,499	22,482,797	(12,701,010)	77,431	283,822	105,853,788	8,571,082	99,781,368	356,873,035	133,864,236	490,737,271
As at 1 April 2016 (audited)	109,919,258	18,983,391	18,861,689	(11,825,036)	-	124,329	91,388,257	8,833,758	77,915,147	314,200,793	106,034,914	420,235,707
Profit for the period	-	-	-	-	-	-	-	-	16,574,914	16,574,914	11,166,548	27,741,462
Other comprehensive loss for the period	-	-	-	-	-	-	(699,034)	1,482,920	-	783,886	1,166,876	1,950,762
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(699,034)	1,482,920	16,574,914	17,358,800	12,333,424	29,692,224
Dividends (Note 12)	-	-	-	-	-	-	-	-	(10,401,792)	(10,401,792)	-	(10,401,792)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,677,483)	(6,677,483)
Ownership changes in a subsidiary	-	-	-	-	-	3,522	-	-	-	3,522	(11,247)	(7,725)
As at 31 December 2016	109,919,258	18,983,391	18,861,689	(11,825,036)	-	127,851	90,689,223	10,316,678	84,088,269	321,161,323	111,679,608	432,840,931

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



 شركة البتروكيماويات القابضة
QURAIN
 PETROCHEMICAL INDUSTRIES COMPANY

Qurain Petrochemical Industries Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 December 2017

	Notes	<i>Nine months ended</i>	
		<i>31 December</i>	
		2017	2016
		KD	KD
OPERATING ACTIVITIES			
Profit before taxation and Board of Directors' remuneration		31,088,943	28,325,287
<i>Adjustments for:</i>			
Depreciation and amortization		6,515,178	6,107,354
Investment income		(131,814)	(223,641)
Impairment loss on financial assets available for sale		1,672,247	150,086
Share of results of associates		(12,664,107)	(13,580,787)
Provision for employees' end of service benefits		1,521,032	1,340,520
Share based payment reserve		46,267	-
Finance costs		1,922,155	953,352
		29,969,901	23,072,171
<i>Working capital adjustments:</i>			
Trade and other receivables		(1,540,264)	(1,560,437)
Inventories		(7,084,768)	3,201,526
Trade and other payables		5,266,309	2,841,114
Cash from operations		26,611,678	27,554,374
Employees' end of service benefits paid		(1,184,813)	(414,852)
Dividends received from associates		6,706,450	1,338,528
Net cash flows from operating activities		32,133,315	28,478,050
INVESTING ACTIVITIES			
Net movement of financial assets available for sale		(886,303)	(5,180,535)
Purchase of property, plant and equipment		(9,358,167)	(5,085,927)
Purchase of investment in associate		-	(3,651,148)
Sale proceeds from disposal of property, plant and equipment		48,586	114,163
Acquisition of subsidiary, net of cash acquired	14	(5,608,706)	-
Purchase of additional investment in a subsidiary		-	(7,725)
Net cash flows used in investing activities		(15,804,590)	(13,811,172)
FINANCING ACTIVITIES			
Dividends paid		(10,369,817)	(9,143,308)
Proceeds from term loans		28,861,450	18,626,950
Repayment of term loans		(28,630,743)	(11,632,775)
Purchase of treasury shares		(1,576,471)	-
Proceeds from issuance of treasury shares against ESOP		325,994	-
Payment of finance costs		(1,922,155)	(953,352)
Dividend paid to non-controlling interest of a subsidiary		(11,963,930)	(6,444,927)
Movement in non-controlling interest		(52,248)	(45,763)
Net cash flows used in financing activities		(25,327,920)	(9,593,175)
Effect of foreign currency translation		(458,901)	588,563
Net (decrease) increase in bank balances and cash		(9,458,096)	5,662,266
Bank balances and cash at 1 April		57,790,106	35,460,196
Bank balances and cash at 31 December	4	48,332,010	41,122,462

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

1 GENERAL INFORMATION

Qurain Petrochemical Industries Company K.S.C.P. (the “Parent Company”) is a Kuwaiti shareholding company established by Amiri Decree No 332/2004 on 10 November 2004. The Parent Company’s shares were issued for public subscription by the Ministerial Decree No. 347/2004 on 28 November 2004. The Parent Company’s shares are listed on the Kuwait Stock Exchange.

The Parent Company’s objectives are as follows:

- To manufacture all types of chemical and petrochemical materials and any other derivatives.
- To sell, purchase, supply, distribute, export and store these materials and participate in all the activities relating to the same including the establishment and lease of the necessary services.
- To participate in Equate Petrochemical Company K.S.C. (Closed), Kuwait Aromatics Company K.S.C. (Closed), Kuwait Styrene Company K.S.C. (Closed) and Kuwait Olefins Company K.S.C. (Closed).
- To contribute in industrial companies as well as finance, manage and trade in its shares.
- To develop industrial and craft zones and projects launched by the State or private sector.
- To establish industrial projects or contribute therein after obtaining the necessary approvals from the Public Authority for Industry and the concerned authorities.

The Parent Company may pursue the above mentioned activities in the State of Kuwait and abroad, originally or by proxy. It may have an interest in or participate in any manner with entities that carry on business activities similar to its own or which may assist the Parent Company in realising its objectives in Kuwait or abroad, and it may buy or otherwise acquire such companies.

The address of the Parent Company’s registered office and principal place of business is: 26th Floor, KIPCO Tower, Khalid Bin Al Waleed Street, Sharq, P.O. Box No 29299, Safat 13153, State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and subsidiaries (collectively the “Group”) for the nine months period ended 31 December 2017 was authorised for issue in accordance with a resolution of the Board of Directors on 28 January 2018.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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 consolidated financial statements for the year ended 31 March 2017. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 31 December 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2018. 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 March 2017, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Parent Company which are effective for annual reporting period starting from 1 April 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Parent Company.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

3 ESTIMATES AND JUDGEMENTS

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

4 BANK BALANCES AND CASH

	<i>31 December</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2017</i> <i>KD</i>	<i>31 December</i> <i>2016</i> <i>KD</i>
Cash in hand	753,054	779,676	1,059,984
Cash at banks	8,035,038	12,871,468	5,926,758
Cash in portfolios	87,319	167,046	297,177
Short term deposits	43,936,899	47,971,916	33,838,543
	<u>52,812,310</u>	<u>61,790,106</u>	<u>41,122,462</u>
Less: Short term deposits with original maturities of more than three months	(4,480,300)	(4,000,000)	-
Bank balances and cash for the purpose of interim condensed consolidated statement of cash flows	<u>48,332,010</u>	<u>57,790,106</u>	<u>41,122,462</u>

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 December</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2017</i> <i>KD</i>	<i>31 December</i> <i>2016</i> <i>KD</i>
Quoted equity securities	11,611,963	12,322,289	12,595,350
Debt instruments	5,074,600	5,074,493	5,071,119
Unquoted equity securities	181,428,925	181,420,220	166,999,117
	<u>198,115,488</u>	<u>198,817,002</u>	<u>184,665,586</u>

6 TREASURY SHARES

	<i>31 December</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2017</i> <i>KD</i>	<i>31 December</i> <i>2016</i> <i>KD</i>
Number of treasury shares	60,523,366	57,454,736	59,095,913
Percentage of issued shares	5.51%	5.23%	5.38%
Weighted average cost	12,701,010	11,496,800	11,825,036
Market value (KD)	19,912,187	19,534,610	13,592,060

An amount equivalent to the cost of purchase of treasury shares have been earmarked as non-distributable from voluntary reserve throughout the holding period of treasury shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

7 PROVISION FOR TAXATION

	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
	<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
Contribution to Kuwait Foundation for Advancement of Science (“KFAS”)	-	2,770	-	28,388
National Labour Support Tax (“NLST”)	89,185	144,427	311,483	389,325
Zakat	24,511	11,143	57,472	53,612
	113,696	158,340	368,955	471,325

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding less treasury shares for the period as follows:

	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
	<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
Profit for the period attributable to the shareholders of the Parent Company	5,471,113	6,087,257	16,032,027	16,574,914
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares outstanding	1,099,192,576	1,099,192,576	1,099,192,576	1,099,192,576
Weighted average number of treasury shares	(58,717,200)	(59,095,913)	(57,794,974)	(59,095,913)
Weighted average number of shares for basic earnings per share	1,040,475,376	1,040,096,663	1,041,397,602	1,040,096,663
Basic earnings per share attributable to the shareholders of the Parent Company	5.26 fils	5.85 fils	15.39 fils	15.94 fils

Diluted

Diluted earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company adjusted for the effect of dilutive instruments in profit due to exercise of potential ordinary shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all employee stock options. The Parent Company has outstanding share options, issued under the Employee Stock Options Plan (ESOP), which have a dilutive effect on earnings.

	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
	<i>2017 KD</i>	<i>2016 KD</i>	<i>2017 KD</i>	<i>2016 KD</i>
Profit for the period attributable to the shareholders of the Parent Company	5,471,113	6,087,257	16,032,027	16,574,914
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding:				
Weighted average number of shares outstanding	1,039,787,093	1,040,096,663	1,041,397,602	1,040,096,663
Effect of share options on issue	2,100,745	-	2,100,745	-
	1,041,887,838	1,040,096,663	1,043,498,347	1,040,096,663

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

8 BASIC AND DILUTED EARNINGS PER SHARE (continued)

Diluted (continued)

Diluted earnings per share attributable to the shareholders of the Parent Company	5.24 fils	5.85 fils	15.36 fils	15.94 fils
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9 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties primarily comprise major shareholders, associates, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the group entities have been eliminated on consolidation and are not disclosed in this note.

Balances and transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Associates</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>31 December</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 March</i> <i>2017</i> <i>KD</i>	<i>31 December</i> <i>2016</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Trade and other receivables	-	140,000	140,000	140,000	46,000
Due from a related party	1,250,000	-	1,250,000	1,250,000	1,250,000

Amount due from a related party does not carry interest and is repayable on demand.

	<i>Associates</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>Nine months ended</i> <i>31 December</i>	
			<i>2017</i> <i>KD</i>	<i>2016</i> <i>KD</i>
<i>Interim condensed consolidated statement of income:</i>				
Interest and other income	-	22,410	22,410	74,520

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<i>Three months ended</i> <i>31 December</i>		<i>Nine months ended</i> <i>31 December</i>	
	<i>2017</i> <i>KD</i>	<i>2016</i> <i>KD</i>	<i>2017</i> <i>KD</i>	<i>2016</i> <i>KD</i>
Salaries and other short term benefits	411,963	393,746	1,234,836	1,167,119
Employees' end of service benefits	38,921	18,103	117,151	98,008
	450,884	411,849	1,351,987	1,265,127

10 HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

Term loans amounting to US Dollar 202,500,000 (31 March 2017: US Dollar 208,354,147 and 31 December 2016: US Dollar 208,354,147) have been designated as a hedge of the net investment in the Group's subsidiary, Saudia Dairy and Food Stuff Company S.S.C. This borrowing is being used to hedge the Group's exposure to the US Dollar ("USD") foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any gains or losses from translation of net investment in the subsidiary. There is no significant ineffectiveness noted during the period ended 31 December 2017.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

11 CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2017, the Group has a contingent liability amounting to KD 6,786,822 (31 March 2017: KD 7,462,708 and 31 December 2016: KD 824,882) in connection with certain guarantees and credit facilities availed from which the management is not expecting any material liabilities to arise. At 31 December 2017, the Group has outstanding commitments for future capital expenditure amounting to KD 10,469,244 (31 March 2017: KD 8,112,885 and 31 December 2016: KD 5,014,584).

12 ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly of shareholders held on 19 June 2017 approved the audited consolidated financial statements of the Group for the year ended 31 March 2017 and approved a cash dividend of 11 fils (31 March 2016: 10 fils) per share amounting to KD 11,461,503 (31 March 2016: KD 10,401,792).

13 SEGMENT REPORTING

For management reporting purposes, the Group is organized into four major operating segments based on internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is the person responsible for allocating resources to and assessing the performance of the operating segments has been identified as the Parent Company's board of directors. The Group does not have material inter-segment transactions.

The principal activities and services under these segments are as follows:

Investments	: Investments are mainly for the long term and are in the petrochemical sector.
Foodstuff	: Mainly manufacture and supply of dairy and foodstuff.
Manufacturing	: Mainly manufacture and supply of chemicals for fiberglass, paint and petrochemical industries and general use.
Services	: Mainly oil field services that comprise of cementing and stimulation formulations for different applications and operating environments for Oil Rigs; and non-oil field services comprising of health, safety, environmental, engineering and consultancy services.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

	<i>Nine months ended 31 December 2017</i>				
	<i>Investments</i>	<i>Manufacturing</i>	<i>Foodstuff</i>	<i>Services</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	<u>14,527,566</u>	<u>2,398,153</u>	<u>109,754,268</u>	<u>23,339,082</u>	<u>150,019,069</u>
Segment expenses	<u>(7,802,908)</u>	<u>(2,487,267)</u>	<u>(93,086,653)</u>	<u>(15,553,298)</u>	<u>(118,930,126)</u>
Unallocated expenses	-	-	-	-	(481,455)
Total expenses	<u>(7,802,908)</u>	<u>(2,487,267)</u>	<u>(93,086,653)</u>	<u>(15,553,298)</u>	<u>(119,411,581)</u>
Segment profit for the period	<u>6,724,658</u>	<u>(89,114)</u>	<u>16,667,615</u>	<u>7,785,784</u>	<u>30,607,488</u>
Segment assets	<u>425,311,069</u>	<u>11,437,001</u>	<u>157,771,243</u>	<u>35,071,567</u>	<u>629,590,880</u>
Segment liabilities	<u>93,353,889</u>	<u>1,182,676</u>	<u>35,198,766</u>	<u>9,118,278</u>	<u>138,853,609</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

13 SEGMENT REPORTING (continued)

	<i>31 March 2017 (Audited)</i>				
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Foodstuff KD</i>	<i>Services KD</i>	<i>Total KD</i>
Segment assets	414,352,895	10,904,384	153,517,441	29,996,548	608,771,268
Segment liabilities	88,145,045	1,014,783	30,913,495	7,599,946	127,673,269

The following table presents information regarding the Group's operating segments:

	<i>Nine months ended 31 December 2016</i>			
	<i>Investments KD</i>	<i>Manufacturing KD</i>	<i>Foodstuff KD</i>	<i>Total KD</i>
Segment revenue	14,411,524	1,709,068	114,239,893	130,360,485
Segment expenses	(4,407,686)	(1,839,120)	(95,788,392)	(102,035,198)
Unallocated expenses	-	-	-	(583,825)
Total expenses	(4,407,686)	(1,839,120)	(95,788,392)	(102,619,023)
Segment profit (loss) for the period	10,003,838	(130,052)	18,451,501	27,741,462
Segment assets	393,073,427	8,942,740	146,350,509	548,366,676
Segment liabilities	85,319,013	953,097	29,253,635	115,525,745

14 BUSINESS COMBINATION

On 12 March 2017 (acquisition date) the Group acquired equity interest of 60% in Insha'a Holding Company K.S.C Closed (INSHA). However, Group consolidated the financial statements of INSHA during the period ended 31 December 2017 after completion of certain formalities, which were in process as at 31 March 2017. INSHA is incorporated in the State of Kuwait and the main activities are to invest and establish limited liability companies in Kuwait and outside Kuwait, financing companies in which it owns more than 20% of shares and investing cash surplus in managed portfolios.

The acquisition of INSHA has been accounted based on provisional fair values of identifiable assets and liabilities on the acquisition date and the management is in the process of determining the fair values of assets and liabilities acquired. The consideration paid, the provisional fair values of the assets and liabilities recognised and the non-controlling interest's proportionate share in the recognised amounts of the INSHA's identifiable net assets are summarised as follows:

Assets	KD
Cash and short term funds	2,227,439
Deposits with banks	480,300
Inventories	687,784
Amount due from related parties	15,085
Trade and other receivables	3,377,716
Intangible assets	1,449,816
Property, plant and equipment	6,160,372
Financial assets available for sale	13,784
	14,412,296

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

14 BUSINESS COMBINATION (continued)

	<i>KD</i>
Liabilities	
Trade and other payables	3,000,918
Term loans	1,586,412
Employees' end of service benefits	293,244
	<u>4,880,574</u>
Net assets	9,531,722
Non-controlling interests	(6,165,974)
	<u>3,365,748</u>
Provisional fair value of net assets acquired by the Group	<u>3,365,748</u>
Consideration paid	7,836,145
Less: net assets acquired by the Group	<u>(3,365,748)</u>
Provisional goodwill	<u>4,470,397</u>
Cash and cash equivalents in subsidiary acquired	2,227,439
Consideration paid	<u>(7,836,145)</u>
Net cash outflow on acquisition	<u>5,608,706</u>

The interim condensed consolidated statement of income of the Group for the period includes profit attributable to the equity holders of the Parent Company amounting to KD 532,742 of INSHA. Had the acquisition of INSHA taken place at the beginning of the year, the revenue of the Group for the period and the profit attributable to the equity holders of the Parent Company would not have been materially impacted.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of other financial instruments, are not materially different from their carrying values.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and other models as appropriate.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 December 2017

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
31 December 2017			
<i>Financial assets available for sale:</i>			
Quoted equity securities	11,611,963	-	11,611,963
Unquoted equity securities	-	181,428,925	181,428,925
	<u>11,611,963</u>	<u>181,428,925</u>	<u>193,040,888</u>
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equity securities	-	-	-
Fund and managed portfolios	-	2,349,058	2,349,058
	<u>-</u>	<u>2,349,058</u>	<u>2,349,058</u>
31 March 2017 (Audited)			
<i>Financial assets available for sale:</i>			
Quoted equity securities	12,322,289	-	12,322,289
Unquoted equity securities	-	181,420,220	181,420,220
	<u>12,322,289</u>	<u>181,420,220</u>	<u>193,742,509</u>
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equity securities	30,360	-	30,360
Fund and managed portfolios	-	2,366,594	2,366,594
	<u>30,360</u>	<u>2,366,594</u>	<u>2,396,954</u>
31 December 2016			
<i>Financial assets available for sale:</i>			
Quoted equity securities	12,595,350	-	12,595,350
Unquoted equity securities	-	166,999,117	166,999,117
	<u>12,595,350</u>	<u>166,999,117</u>	<u>179,594,467</u>

During the nine months period ended 31 December 2017, there were no transfers between the hierarchies and there was no major movement in level 3.