Hilal Cement Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018

EY
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Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2 295 5000
Fax: +965 2 245 6419
kuwait@kw.ey.com
ey.com/mena

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF HILAL CEMENT COMPANY K.S.C.P.

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Hilal Cement Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2018, and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month 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-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of review
Except as explained in the following paragraph, 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 condensed consolidated 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.

Basis for Qualified Conclusion
As stated in Note 2 of the interim condensed consolidated financial information, IFRS 9 '*Financial Instruments*' is effective for annual reporting periods beginning on or after 1 January 2018. Based on the information provided to us by the management, the Group is still in the process of evaluating the potential effect of the expected credit loss (ECL) on the financial assets carried at amortised cost, as set out in IFRS 9, at the date of initial application and as at 30 September 2018. Consequently, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information.

Qualified Conclusion
Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, 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.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF HILAL CEMENT COMPANY K.S.C.P. (continued)

Emphasis of Matter
We draw attention to Note 4 to the interim condensed consolidated financial information which describes the uncertainty related to the outcome of the lawsuit filed against the Group by Kuwait Port Authority. Our conclusion is not modified in respect of this matter.

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, as amended, during the nine-month period ended 30 September 2018 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

14 November 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months ended 30 September 2018

	Note	*Three months ended 30 September*		*Nine months ended 30 September*	
		2018	*2017*	***2018***	*2017*
		KD	*KD*	***KD***	*KD*
Sale of goods		**4,841,362**	3,897,787	**15,777,113**	13,050,787
Cost of goods sold		**(4,181,472)**	(3,560,636)	**(13,718,273)**	(11,619,162)
GROSS PROFIT		**659,890**	337,151	**2,058,840**	1,431,625
Other income		**36,082**	36,577	**115,011**	123,766
Other expenses		**(434,239)**	(404,241)	**(1,283,539)**	(1,376,482)
Allowance for impairment of accounts receivable		**(36,551)**	(104,781)	**(163,960)**	(181,899)
Net foreign exchange differences		**1,608**	2,649	**(85)**	5,699
OPERATING PROFIT (LOSS)		**226,790**	(132,645)	**726,267**	2,709
Finance costs		**(22,713)**	(15,412)	**(62,552)**	(45,524)
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX AND DIRECTORS' REMUNERATION		**204,077**	(148,057)	**663,715**	(42,815)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(2,108)**	1,022	**(5,002)**	-
National Labour Support Tax (NLST)		**(6,997)**	(5,143)	**(18,483)**	(11,868)
Zakat		**(1,370)**	(20)	**(3,622)**	(1,338)
Directors' remuneration		**(6,600)**	(6,374)	**(19,800)**	(19,123)
PROFIT (LOSS) FOR THE PERIOD		**187,002**	(158,572)	**616,808**	(75,144)
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**187,002**	(158,572)	**616,808**	(75,144)
Attributable to:					
Equity holders of the Parent Company		**201,982**	(138,323)	**508,862**	(46,569)
Non-controlling interests		**(14,980)**	(20,249)	**107,946**	(28,575)
		187,002	(158,572)	**616,808**	(75,144)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3	**1.99 fils**	(1.36) fils	**5.02 fils**	(0.46) fils

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	**30 September 2018 KD**	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
ASSETS				
Non-current assets				
Property, plant and equipment	4	**4,869,581**	3,903,861	4,135,189
Goodwill		**4,179,257**	4,179,257	5,047,444
Term deposits		**60,000**	-	60,000
		9,108,838	8,083,118	9,242,633
Current assets				
Inventories		**1,355,646**	1,689,326	1,634,482
Accounts receivable and prepayments		**6,569,934**	5,925,294	5,548,845
Cash and short term deposits	5	**5,982,743**	5,508,659	4,935,506
		13,908,323	13,123,279	12,118,833
TOTAL ASSETS		**23,017,161**	21,206,397	21,361,466
EQUITY AND LIABILITIES				
Equity				
Share capital	6	**10,146,213**	10,146,213	10,146,213
Statutory reserve		**2,096,776**	2,096,776	2,096,776
Voluntary reserve		**2,096,776**	2,096,776	2,096,776
Retained earnings/(Accumulated losses)		**135,827**	(373,035)	505,142
Equity attributable to the equity holders of the Parent Company		**14,475,592**	13,966,730	14,844,907
Non-controlling interests		**1,180,133**	1,072,187	1,013,312
Total equity		**15,655,725**	15,038,917	15,858,219
Non-current liabilities				
Loan from a related party	7	**1,082,900**	1,082,900	1,082,900
Employees' end of service benefits		**753,245**	742,405	740,224
		1,836,145	1,825,305	1,823,124
Current liabilities				
Loan from a related party	7	**500,000**	-	-
Accounts payable and accruals		**4,918,968**	4,310,951	3,612,505
Bank overdraft	5	**106,323**	31,224	67,618
		5,525,291	4,342,175	3,680,123
Total liabilities		**7,361,436**	6,167,480	5,503,247
TOTAL EQUITY AND LIABILITIES		**23,017,161**	21,206,397	21,361,466

Sayed Salah Sayed Hashem Al Tabtabaei
Chairman

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2018

	Attributable to equity holders of the Parent Company						
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Retained earnings/ (Accumulated losses) KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total KD*
Balance at 1 January 2018 *(Audited)*	10,146,213	2,096,776	2,096,776	(373,035)	13,966,730	1,072,187	15,038,917
Profit for the period	-	-	-	508,862	508,862	107,946	616,808
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	508,862	508,862	107,946	616,808
Balance at 30 September 2018	**10,146,213**	**2,096,776**	**2,096,776**	**135,827**	**14,475,592**	**1,180,133**	**15,655,725**
Balance at 1 January 2017 *(Audited)*	8,455,178	2,096,776	2,096,776	2,242,746	14,891,476	1,041,887	15,933,363
Loss for the period	-	-	-	(46,569)	(46,569)	(28,575)	(75,144)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(46,569)	(46,569)	(28,575)	(75,144)
Bonus shares issued (Note 6)	1,691,035	-	-	(1,691,035)	-	-	-
Balance at 30 September 2017	10,146,213	2,096,776	2,096,776	505,142	14,844,907	1,013,312	15,858,219

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months ended 30 September 2018

	Notes	*Nine months ended 30 September* **2018** **KD**	*2017* *KD*
OPERATING ACTIVITIES			
Profit (loss) for the period		**616,808**	(75,144)
Non-cash adjustments to reconcile profit (loss) for the period to net cash flows:			
Interest income		**(67,616)**	(18,458)
Gain on disposal of property, plant and equipment		**(26,487)**	-
Depreciation		**711,028**	725,744
Allowance for impairment of accounts receivable		**163,960**	181,899
Provision for employees' end of service benefits		**65,155**	64,470
Finance costs		**62,552**	45,524
		1,525,400	924,035
Working capital adjustments:			
Inventories		**333,680**	394,189
Accounts receivable and prepayments		**(800,246)**	(307,034)
Accounts payable and accruals		**548,491**	(675,102)
Cash flows from operations		**1,607,325**	336,088
Employees' end of service benefits paid		**(54,315)**	(25,235)
Interest income received		**59,262**	18,458
Net cash flows from operating activities		**1,612,272**	329,311
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(1,677,511)**	(970)
Proceeds from disposal of property, plant and equipment		**27,250**	-
Net movement in term deposits		**-**	320,000
Net cash flows (used in) from investing activities		**(1,650,261)**	319,030
FINANCING ACTIVITIES			
Proceeds from a related party loan	7	**500,000**	-
Finance costs paid		**(3,026)**	(17,687)
Net cash flows from (used in) financing activities		**496,974**	(17,687)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**458,985**	630,654
Cash and cash equivalents at 1 January		**5,417,435**	4,237,234
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	**5,876,420**	4,867,888

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

1 CORPORATE INFORMATION AND ACTIVITIES

The interim condensed consolidated financial information of Hilal Cement Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively the "Group") for the nine months ended 30 September 2018 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 14 November 2018.

The Parent Company was established as a Kuwaiti Shareholding Company on 19 January 1984 and is listed in Kuwait Stock Exchange (Boursa Kuwait). The principal activities of the Parent Company are import, storage and distribution of cement and other bulk materials; establishing, operating and managing storage silos; acquiring interest in other companies engaged in similar activities and investing surplus funds through portfolio managers in shares of investment and real estate companies.

The registered office of the Parent Company is located in Marzouk Tower, 19th floor, Building 3, Al-Qibla, Block 14 and the postal address is P.O. Box 20732, 13068, Safat, Kuwait.

The Parent Company is a subsidiary of Suez Cement Company S.A.E. (the "Ultimate Parent Company"), a Company registered in Egypt and its registered head office is located at P.O. Box 2691, Cairo – Egypt.

The annual general assembly meeting (AGM) of the Parent Company was held on 6 May 2018. No dividends were declared by the shareholders of the Parent Company.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group, for the nine months ended 30 September 2018 has been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standards, interpretations or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*, except for applying the ECL requirement for trade receivables and other debit instruments at amortised cost. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 '*Financial Instruments*' that replaces IAS 39 '*Financial Instruments: Recognition and Measurement*' and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The nature and effect of these changes are disclosed below.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 Financial Instruments (continued)

The Group has adopted IFRS 9 *Financial Instruments* effective from 1 January 2018 which brings together the requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.* Management is in the process of assessing the full impact of IFRS 9 on the Group's interim condensed consolidated financial information based on an analysis of the Group's financial assets and financial liabilities as at 30 September 2018 on the basis of the facts and circumstances that exist at that date. However, as the management is still in the process of assessing the full impact of the application of IFRS 9 on the Group's interim condensed consolidated financial information, it is not practicable to provide a reasonable financial estimate of the effect until the management completes the detailed review.

Classification and measurement

The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in other comprehensive income ("OCI") with no subsequent reclassification to the interim condensed consolidated statement of income, unless an accounting mismatch in profit or loss would arise.

The Group had reviewed and assessed the Group's existing financial instruments as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded the following with respect to their classification and measurement:

- Financial assets representing trade and other receivables, amounts due from related parties and cash and short term deposits will subsequently be measured at amortised cost.
- The Group expects no significant changes would occur in financial liabilities as the Group classifies all its financial liabilities at amortised cost under IAS 39 and the same classification is expected to be carried forward under IFRS 9 based on their business model.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all receivables at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group is in the process of applying the standard's simplified approach and is computing ECLs based on lifetime expected credit losses. The Group will be establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, management is still in the process of assessing the full impact of the application of the standard's impairment requirement on the Group's interim condensed consolidated financial information, and does not expect this to have a material effect on the interim condensed consolidated financial information of the Group.

Hedge accounting

The management does not expect any impact on the interim condensed consolidated financial information of the Group resulting from hedge accounting under IFRS 9 as currently, the Group has not entered into any such arrangements.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 15: Revenue from Contracts with Customers

The Group has adopted IFRS 15 *Revenue from Contracts with Customers* effective from 1 January 2018. This standard supersedes IAS 11 *Construction Contracts* and IAS 18 *Revenue* along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The adoption of this standard does not have any material effect on the Group's interim condensed consolidated financial information.

3 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company is calculated by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
Profit (loss) for the period attributable to the equity holders of the Parent Company (KD)	**201,982**	(138,323)	**508,862**	(46,569)
Weighted average number of shares outstanding during the period	**101,462,130**	101,462,130	**101,462,130**	101,462,130
Basic and diluted earnings (loss) per share	**1.99 fils**	(1.36) fils	**5.02 fils**	(0.46) fils

As there are no dilutive instruments outstanding, basic and diluted earnings (loss) per share are identical.

4 PROPERTY, PLANT AND EQUIPMENT

On 29 January 2009, the Parent Company received a notice from Kuwait Port Authority (KPA) to vacate the premises of KPA and remove the barge with a carrying value of KD 1,506,117 (31 December 2017: KD 1,716,931; 30 September 2017: KD 1,787,218) owned by the Parent Company which is moored alongside the berth owned by KPA. A verdict was issued by the Court of First Instance on 8 May 2014 in favour of the Parent Company and KPA has filed an appeal in the 'Court of Appeal'. On 16 April 2017, a verdict was issued against the Parent Company and the Parent Company has filed an appeal in the 'Court of Cassation'. Based on the legal advice received, management believes that there will be no material consequent impact on Group's interim condensed consolidated financial information.

On 23 October 2014, the Parent Company received a notice from KPA requesting on the increase in rental charges. As at 30 September 2018, the management has not entered into any new contract with KPA. However, a provision for rental expenses was made as per the new rates mentioned in the notice received from KPA. Based on the legal advice, management is of the view that the new rental charges are applicable prospectively, hence no provision was made for previous periods.

During the nine-month period ended 30 September 2018, the Group acquired assets with a cost of KD 1,677,511 relating to the installation of concrete pumps, mixers and ice plant and purchasing motor vehicles in certain subsidiaries. The net disposals for the period are amounting to KD 763.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

During the nine-month period ended 30 September 2018, the Group disposed assets with a total net carrying amount of KD 763 for a total cash consideration of KD 27,250. The resultant gain of KD 26,487 was recognised as part of other income in the interim condensed consolidated statement of comprehensive income.

5 CASH AND SHORT TERM DEPOSITS

For the purpose of interim condensed consolidated statement of cash flows, cash and short-term deposits comprises the following:

	30 September 2018 KD	*(Audited) 31 December 2017* KD	*30 September 2017* KD
Cash at bank and in hand	**1,112,743**	1,578,659	965,506
Short-term deposits*	**4,870,000**	3,930,000	3,970,000
	5,982,743	5,508,659	4,935,506
Less: Bank overdrafts	**(106,323)**	(31,224)	(67,618)
Less: Term deposits with original maturities more than 3 months but less than a year	-	(60,000)	-
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	**5,876,420**	5,417,435	4,867,888

*Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

6 EQUITY

Share capital
The authorised, issued and paid up capital of the Parent Company comprises of 101,462,130 ordinary shares of 100 fils each (31 December 2017: 101,462,130 shares of 100 fils each and 30 September 2017: 101,462,130 shares of 100 fils each).

Bonus shares
In the prior year, at the AGM dated 6 June 2017, the shareholders of the Parent Company approved the distribution of bonus shares in the ratio of two shares for every ten shares amounting to KD 1,691,035 in the same proportion as their existing shareholding.

At the Extraordinary General Assembly Meeting (EGM) dated 6 June 2017, the shareholders of the Parent Company approved the increase in authorised share capital on account of bonus shares issue from 84,551,775 shares of 100 fils each to 101,462,130 shares of 100 fils each.

7 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Parent Company's management.

Significant transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

Nine months ended 30 September		*Cost of goods sold* KD	*Administrative expenses* KD	*Finance costs* KD
Entities under common control	2018	5,648,864	86,304	40,609
	2017	4,878,433	28,870	40,609

7 RELATED PARTIES DISCLOSURES (continued)

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

		Accounts receivable and prepayments	*Accounts payable and accruals*	*Loan from related parties*
		KD	*KD*	*KD*
Associate	**30 September 2018**	**15,228**	**-**	**-**
	31 December 2017 *(Audited)*	15,228	-	-
	30 September 2017	15,228	-	-
Other related parties	**30 September 2018**	**-**	**829,897**	**1,582,900**
	31 December 2017 *(Audited)*	780	498,573	1,082,900
	30 September 2017	780	457,016	1,082,900

Loan from a related party amounting to KD 1,082,900 (31 December 2017: KD 1,082,900; 30 September 2017: KD 1,082,900) carries an effective interest rate of 5% p.a. (31 December 2017: 5% p.a.; 30 September 2017: 5% p.a.) and is expected to be settled more than twelve months after the reporting period.

Loan from a related party amounting to KD 500,000 (31 December 2017: Nil; 30 September 2017: Nil) carries an effective interest rate of 4.2% p.a. and is expected to be settled within one year from the reporting period.

Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were, as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
	KD	*KD*	***KD***	*KD*
Salaries and short-term benefits	**51,891**	58,571	**159,374**	196,140
Directors' remuneration	**6,600**	6,374	**19,800**	19,123
	58,491	64,945	**179,174**	215,263

The Board of Directors at the meeting held on 6 March 2018 proposed directors' remuneration of KD 25,498 for the year ended 31 December 2017. The remuneration was approved by the shareholders at the AGM held on 6 May 2018.

8 CONTINGENCIES

As at 30 September 2018, the Group provided guarantees in the ordinary course of the business amounting to KD 306,000 (31 December 2017: KD 306,000; 30 September 2017: KD 306,000). No material liabilities are expected to arise.

9 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services and has two reportable operating segments i.e. trading materials and manufacturing materials. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment. The segment performance is evaluated based on operating loss or profit.

9 SEGMENT INFORMATION (continued)

The following table presents revenue and profit information for the Group's operating segments for the nine months ended 30 September 2018 and 30 September 2017, respectively:

Nine months ended 30 September 2018	***Trading units KD***	***Manufacturing units KD***	***Total KD***	***Adjustments and eliminations KD***	***Consolidated KD***
Revenue					
External customer	**5,398,285**	**10,378,828**	**15,777,113**	**-**	**15,777,113**
Inter-segment	**2,967,727**	**-**	**2,967,727**	**(2,967,727)**	**-**
Intra-segment	**-**	**2,152,267**	**2,152,267**	**(2,152,267)**	**-**
Total revenue	**8,366,012**	**12,531,095**	**20,897,107**	**(5,119,994)**	**15,777,113**
Depreciation	**329,642**	**381,386**	**711,028**	**-**	**711,028**
Segment results	**443,415**	**220,300**	**663,715**	**-**	**663,715**

Nine months ended 30 September 2017	*Trading units KD*	*Manufacturing units KD*	*Total KD*	*Adjustments and eliminations KD*	*Consolidated KD*
Revenue					
External customer	4,278,755	8,772,032	13,050,787	-	13,050,787
Inter-segment	2,642,323	-	2,642,323	(2,642,323)	-
Intra-segment	-	467,469	467,469	(467,469)	-
Total revenue	6,921,078	9,239,501	16,160,579	(3,109,792)	13,050,787
Depreciation	357,654	368,090	725,744	-	725,744
Segment results	15,500	(58,315)	(42,815)	-	(42,815)

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2018, 31 December 2017 and 30 September 2017, respectively:

	Trading units KD	***Manufacturing units KD***	***Total KD***	***Adjustments and eliminations KD***	***Consolidated KD***
At 30 September 2018					
Segment assets	**17,309,315**	**15,052,276**	**32,361,591**	**(9,344,430)**	**23,017,161**
Segment liabilities	**1,938,350**	**9,923,578**	**11,861,928**	**(4,500,492)**	**7,361,436**
At 31 December 2017 (Audited)					
Segment assets	15,685,327	13,702,319	29,387,646	(8,181,249)	21,206,397
Segment liabilities	1,579,055	8,793,923	10,372,978	(4,205,498)	6,167,480
At 30 September 2017					
Segment assets	16,566,753	17,672,456	34,239,209	(12,877,743)	21,361,466
Segment liabilities	1,521,028	7,836,767	9,357,795	(3,854,548)	5,503,247