

**ALAFCO AVIATION LEASE AND FINANCE  
COMPANY K.S.C.P.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

**30 JUNE 2014**



Building a better  
working world

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALAFCO AVIATION LEASE AND FINANCE COMPANY K.S.C.P.**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of ALAFCO Aviation Lease and Finance Company K.S.C.P. (the "parent company") and its subsidiaries (together, the "group") as at 30 June 2014, and the related interim condensed consolidated statements of income and comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and 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 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.

### **Conclusion**

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

### **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 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 25 of 2012, as amended, or of the parent company's Memorandum of Incorporation and Articles of Association during the nine months period ended 30 June 2014 that might have had a material effect on the business of the parent company or on its financial position.

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
(AL AIBAN, AL OSAIMI & PARTNERS)

DR. SAUD HAMAD AL-HUMAIDI  
LICENSE NO. 51 A  
OF DR. SAUD HAMAD AL-HUMAIDI &  
PARTNERS  
MEMBER OF BAKER TILLY  
INTERNATIONAL


17 July 2014  
Kuwait

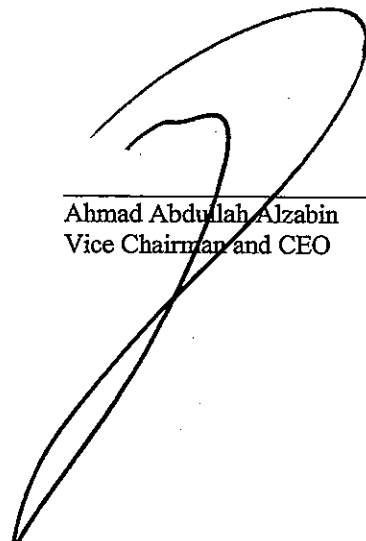
ALAFCO Aviation Lease and Finance Company K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2014

		30 June 2014 KD	(Audited) 30 September 2013 KD	30 June 2013 KD
	Notes			
<b>ASSETS</b>				
Aircraft, engines and equipment	4	531,110,610	566,539,954	522,654,832
Capital advances	5	37,941,434	20,747,716	21,056,299
Receivables	9	14,601,866	19,729,926	22,936,222
Cash and balances with financial institutions and short term murabahas	6	61,504,062	62,778,235	52,813,507
<b>TOTAL ASSETS</b>		<b>645,157,972</b>	<b>669,795,831</b>	<b>619,460,860</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	7	77,977,157	77,977,157	77,977,157
Share premium		1,162,500	1,162,500	1,162,500
Statutory reserve		15,708,494	15,708,494	13,536,119
Foreign currency translation reserve		(799,868)	(162,742)	1,526,296
Retained earnings		94,749,999	86,157,743	84,806,623
<b>Total equity</b>		<b>188,798,282</b>	<b>180,843,152</b>	<b>179,008,695</b>
<b>LIABILITIES</b>				
Due to financial institutions	8	361,887,657	401,836,345	367,946,250
Security deposits		14,443,504	15,105,708	13,923,436
Maintenance reserve		72,303,700	57,262,368	52,975,640
Other liabilities		7,724,829	14,748,258	5,606,839
<b>Total liabilities</b>		<b>456,359,690</b>	<b>488,952,679</b>	<b>440,452,165</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>645,157,972</b>	<b>669,795,831</b>	<b>619,460,860</b>

  
 Yousef Ahmad Alhumaidi  
 Chairman of the Board

  
 Ahmad Abdullah Alzabin  
 Vice Chairman and CEO

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 30 June 2014

	Notes	Three months ended 30 June		Nine months ended 30 June	
		2014 KD	2013 KD	2014 KD	2013 KD
Operating lease income		13,911,389	12,346,470	41,814,754	38,802,769
Consultancy and service income		40,354	41,608	317,584	127,806
Murabaha income		359,401	369,307	1,138,993	998,065
Gain on sale of slots	9	-	-	-	7,119,167
Other income		-	1,486	57,867	827,414
Staff costs		(491,799)	(237,036)	(1,512,172)	(1,101,819)
Depreciation	4	(6,866,341)	(6,099,212)	(20,638,589)	(18,925,414)
Impairment loss on aircraft, engines and equipment		-	-	-	(2,128,526)
Other operating expenses		(609,863)	(308,481)	(1,168,121)	(757,453)
Finance costs		(2,246,306)	(2,001,018)	(6,944,297)	(7,052,584)
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>		<b>4,096,835</b>	<b>4,113,124</b>	<b>13,066,019</b>	<b>17,909,425</b>
Contribution to KFAS		(36,871)	(37,018)	(117,594)	(161,185)
NLST		(102,421)	(102,828)	(326,651)	(447,736)
Zakat		(40,968)	(41,131)	(130,660)	(179,094)
<b>PROFIT FOR THE PERIOD</b>		<b>3,916,575</b>	<b>3,932,147</b>	<b>12,491,114</b>	<b>17,121,410</b>
Basic and diluted earnings per share	3	<b>5.02 Fils</b>	5.04 Fils	<b>16.02 Fils</b>	21.96 Fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P.  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
 COMPREHENSIVE INCOME (UNAUDITED)**  
 For the period ended 30 June 2014

	<i>Three months ended 30 June</i>		<i>Nine months ended 30 June</i>	
	<i>2014 KD</i>	<i>2013 KD</i>	<i>2014 KD</i>	<i>2013 KD</i>
<b>Profit for the period</b>	<b>3,916,575</b>	<b>3,932,147</b>	<b>12,491,114</b>	<b>17,121,410</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods</i>				
Foreign currency translation adjustment	<u>103,382</u>	<u>357,973</u>	<u>(637,126)</u>	<u>2,623,924</u>
<b>Other comprehensive income (loss) for the period</b>	<u>103,382</u>	<u>357,973</u>	<u>(637,126)</u>	<u>2,623,924</u>
<b>Total comprehensive income for the period</b>	<u><u>4,019,957</u></u>	<u><u>4,290,120</u></u>	<u><u>11,853,988</u></u>	<u><u>19,745,334</u></u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2014

	Share capital KD	Share premium KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
Balance at 1 October 2013	77,977,157	1,162,500	15,708,494	(162,742)	86,157,743	180,843,152
Profit for the period	-	-	-	-	12,491,114	12,491,114
Other comprehensive loss for the period	-	-	-	(637,126)	-	(637,126)
<b>Total comprehensive (loss) income for the period</b>						
Dividend (Note 7)	-	-	-	(637,126)	(3,898,858)	(3,898,858)
<b>Balance at 30 June 2014</b>	<b>77,977,157</b>	<b>1,162,500</b>	<b>15,708,494</b>	<b>(799,868)</b>	<b>94,749,999</b>	<b>188,798,282</b>
Balance at 1 October 2012	77,977,157	1,162,500	13,536,119	(1,097,628)	71,584,071	163,162,219
Profit for the period	-	-	-	-	17,121,410	17,121,410
Other comprehensive income for the period	-	-	-	2,623,924	-	2,623,924
<b>Total comprehensive income for the period</b>						
Dividend (Note 7)	-	-	-	2,623,924	(3,898,858)	(3,898,858)
<b>Balance at 30 June 2013</b>	<b>77,977,157</b>	<b>1,162,500</b>	<b>13,536,119</b>	<b>1,526,296</b>	<b>84,806,623</b>	<b>179,008,695</b>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2014

	Notes	Nine months ended 30 June	
		2014 KD	2013 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		12,491,114	17,121,410
Adjustments for:			
Depreciation	4	20,638,589	18,925,414
Murabaha income		(1,138,993)	(998,065)
Finance costs		6,944,297	7,052,584
Impairment loss on aircraft, engines and equipment		-	2,128,526
		<u>38,935,007</u>	<u>44,229,869</u>
Changes in operating assets and liabilities:			
Receivables		4,980,308	(10,196,314)
Payables		(7,372,861)	(3,206,985)
Maintenance reserve		15,243,780	12,283,476
		<u>51,786,234</u>	<u>43,110,046</u>
Cash from operations		(7,151,522)	(7,670,302)
Finance cost payments			
Net cash from operating activities		<u>44,634,712</u>	<u>35,439,744</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of aircraft, engines and equipment	4	(1,529)	(54,359,519)
Disposal of aircraft, engines and equipment	4	12,806,142	27,122,500
Capital advances for purchase of aircraft and engines	5	(17,267,071)	(6,595,050)
Murabaha income received		1,216,991	949,675
Blocked bank account movement		-	915,571
Net cash used in investing activities		<u>(3,245,467)</u>	<u>(31,966,823)</u>
<b>FINANCING ACTIVITIES</b>			
Financing facilities obtained		-	46,162,781
Financing facilities repaid		(38,528,019)	(36,853,952)
Dividend paid		(3,898,858)	(3,898,858)
Net cash (used in) from financing activities		<u>(42,426,877)</u>	<u>5,409,971</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Foreign currency translation adjustment		(1,037,632)	8,882,892
Cash and cash equivalents at 1 October		(236,541)	956,785
		<u>62,778,235</u>	<u>42,973,830</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	6	<u>61,504,062</u>	<u>52,813,507</u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

At 30 June 2014

## 1 INCORPORATION AND PRINCIPAL ACTIVITIES

ALAFCO Aviation Lease and Finance Company K.S.C. (ALAFCO) (the “parent company”) is a shareholding company registered and incorporated in Kuwait on 10 May 2000 under the Companies Law No 25 of 2012 and amendments thereto. The parent company is engaged in the business of aircraft leasing and providing of management, marketing and consultancy services to aviation related businesses in line with the Islamic Shariah principles. The parent company is a subsidiary of Kuwait Finance House K.S.C. (the “ultimate parent company”) and its registered head office is at Kuwait Chamber of Commerce and Industry Building Annexe, Third Floor, Abdul Aziz Hamid Alsagar Street, Al-Mirqab, Kuwait.

The shares of the parent company and the ultimate parent company are listed on the Kuwait Stock Exchange.

The interim condensed consolidated financial information includes transactions and balances of the parent company and wholly owned Special Purpose Companies (“SPC”) (its subsidiaries), together referred to as the “group”. All the transactions of SPC’s are entered on behalf of ALAFCO and are guaranteed by ALAFCO.

The interim condensed consolidated financial information of the group for the nine months period ended 30 June 2014 was authorised for issue in accordance with a resolution of the board of directors 17 July 2014.

The New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the “Companies Law”), cancelled the Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, companies have one year from the date of publishing the executive regulations to comply with the new amended law.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the group is 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 financial statements prepared in accordance with International Financial Reporting Standards. For more details, please refer to the audited consolidated financial statements for the year ended 30 September 2013. In addition, results for the nine months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 30 September 2014.

The functional currency of the group is US dollars. The interim condensed consolidated financial information has been presented in Kuwaiti Dinars.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 30 September 2013, except for the adoption of the following new standards / amendments to IFRS effective as of 1 October 2013:



ALAFCO Aviation Lease and Finance Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2014

**2 BASIS OF PREPARATION (continued)**

*IAS 1 Financial Statement Presentation*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified. The adoption of this standard has resulted in presentation changes in interim condensed consolidated statement of comprehensive income.

*IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this amendment did not have any material impact on the interim condensed consolidated financial information of the group.

*IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the group, compared with the requirements that were in IAS 27. The group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the entity. The group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Once control is established, the standard requires the group to start consolidating the investee from the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. The new standard had no material impact on the interim condensed consolidated financial information of the group.

*IFRS 11 Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The amendment had no impact on the interim condensed consolidated financial information of the group.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial information, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the group has not made such disclosures.

*IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments.

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the group and relevant disclosures will be made in the annual consolidated financial statements of the group.

ALAFCO Aviation Lease and Finance Company K.S.C.P.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)  
 At 30 June 2014

**3 EARNINGS PER SHARE**

Basic and diluted earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit for the period (KD)	<b>3,916,575</b>	3,932,147	<b>12,491,114</b>	17,121,410
Weighted average number of ordinary shares	<b>779,771,570</b>	779,771,570	<b>779,771,570</b>	779,771,570
Basic and diluted earnings per share	<b>5.02 Fils</b>	5.04 Fils	<b>16.02 Fils</b>	21.96 Fils

**4 AIRCRAFT, ENGINES AND EQUIPMENT**

	<i>Aircraft and engines KD</i>	<i>Furniture and fixtures KD</i>	<i>Office equipment KD</i>	<i>Total KD</i>
<b>Cost</b>				
At 1 October 2013	696,301,854	214,162	63,189	696,579,205
Additions	-	-	1,529	1,529
Disposal	(27,900,608)	-	-	(27,900,608)
Foreign currency adjustment	(2,461,735)	(757)	(222)	(2,462,714)
<b>At 30 June 2014</b>	<b>665,939,511</b>	<b>213,405</b>	<b>64,496</b>	<b>666,217,412</b>
<b>Depreciation</b>				
At 1 October 2013	129,847,431	136,205	55,615	130,039,251
Depreciation charge for the period	20,605,259	30,367	2,963	20,638,589
Disposal	(15,094,466)	-	-	(15,094,466)
Foreign currency adjustment	(475,868)	(507)	(197)	(476,572)
<b>At 30 June 2014</b>	<b>134,882,356</b>	<b>166,065</b>	<b>58,381</b>	<b>135,106,802</b>
<b>Net carrying amount</b>				
At 30 June 2014	<b>531,057,155</b>	<b>47,340</b>	<b>6,115</b>	<b>531,110,610</b>
At 30 September 2013 (audited)	566,454,423	77,957	7,574	566,539,954
At 30 June 2013	522,557,181	88,973	8,678	522,654,832

Aircraft with carrying value of KD 508,394,850 (30 September 2013: KD 540,314,718 and 30 June 2013: KD 497,939,087) are under finance lease arrangements and are mortgaged against the financing facilities and registered in the name of the lenders (Note 8).

ALAFCO Aviation Lease and Finance Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2014

5 CAPITAL ADVANCES

	<i>30 June</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>30 September</i> <i>2013</i> <i>KD</i>	<i>30 June</i> <i>2013</i> <i>KD</i>
At 1 October	20,747,716	16,436,729	16,436,729
Additions	17,267,071	6,420,695	6,595,050
Capital advances refundable on cancellation of aircraft purchase agreements	-	(2,209,095)	(2,229,792)
Foreign currency adjustment	(73,353)	99,387	254,312
	<u>37,941,434</u>	<u>20,747,716</u>	<u>21,056,299</u>

Capital advances represent progress payments made towards the purchase of aircraft and engines. The commitments in this respect are disclosed in Note 10.

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following statement of financial position amounts:

	<i>30 June</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>30 September</i> <i>2013</i> <i>KD</i>	<i>30 June</i> <i>2013</i> <i>KD</i>
Cash and balances with financial institutions	744,467	547,364	1,430,495
Short-term murabahas	60,759,595	62,230,871	51,383,012
Cash and cash equivalents	<u>61,504,062</u>	<u>62,778,235</u>	<u>52,813,507</u>

Short-term murabahas represent short-term deals in international commodity transactions which earn a profit rate of 2.25-2.50% per annum (30 September 2013: 2.5% per annum, 30 June 2013: 2.5% per annum).

7 SHARE CAPITAL AND DIVIDENDS

The authorised, issued and fully paid share capital as at 30 June 2014 comprises 779,771,570 ordinary shares (30 September 2013: 779,771,570 ordinary shares, 30 June 2013: 779,771,570 ordinary shares) of 100 fils each.

During the period, the Annual General Assembly held on 6 January 2014 approved cash dividend of 5% for the year ended 30 September 2013 (30 September 2012: 5%) of par value of each share being 5 fils per share (30 September 2012: 5 fils per share) amounting to KD 3,898,858 (30 September 2012: KD 3,898,858).

ALAFCO Aviation Lease and Finance Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2014

**8 DUE TO FINANCIAL INSTITUTIONS**

	<i>30 June</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>30 September</i> <i>2013</i> <i>KD</i>	<i>30 June</i> <i>2013</i> <i>KD</i>
Balance due to financial institutions – financing lease facilities	<u>361,887,657</u>	<u>401,836,345</u>	<u>367,946,250</u>

All the above financing lease facilities are secured over respective aircraft (Note 4) and are denominated in US Dollars.

**9 GAIN ON SALE OF SLOTS AND RECEIVABLES**

In prior period, the parent company entered into agreement for sale of 'slots for purchase' of four aircraft which resulted in a gain of KD 7,119,167 recorded in the interim condensed consolidated statement of income.

As at 30 June 2014, the receivables balance includes KD 13,013,463 (30 September 2013: KD 18,716,634 and 30 June 2013: KD 18,891,989) in relation to the sale of slots comprising of sales proceeds receivable of KD 8,455,500 (30 September 2013: KD 14,142,500 and 30 June 2013: KD 14,275,000) and refundable capital advances of KD 4,557,963 (30 September 2013: KD 4,574,134 and 30 June 2013: KD 4,616,989).

**10 CAPITAL COMMITMENTS**

Potential commitments in respect of purchase of aircraft and engines amount to KD 1,388,289,040 (30 September 2013: KD 1,413,650,583 and 30 June 2013: KD 1,426,894,968) (Note 5).

**11 RELATED PARTY TRANSACTIONS**

Related parties represent the ultimate parent company, major shareholders, directors and key management personnel of the parent company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the parent company's management.

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

Interim condensed consolidated statement of income:

	<i>Three months ended</i> <i>30 June</i>		<i>Nine months ended</i> <i>30 June</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Murabaha income				
- Ultimate parent company	-	-	7,469	8,830
- Other related parties	359,408	369,309	1,131,524	989,235
	<u>359,408</u>	<u>369,309</u>	<u>1,138,993</u>	<u>998,065</u>
Consultancy and service income				
- Ultimate Parent Company	40,542	41,608	121,859	122,260
- Other related parties	-	-	195,725	5,546
	<u>40,542</u>	<u>41,608</u>	<u>317,584</u>	<u>127,806</u>
<i>Key management compensation:</i>				
Salaries and other short term benefits	298,101	34,511	903,569	500,142

ALAFCO Aviation Lease and Finance Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2014

11 RELATED PARTY TRANSACTIONS (continued)

Interim condensed consolidated statement of financial position:

	<i>Ultimate parent company KD</i>	<i>Other related parties KD</i>	<i>30 June 2014 KD</i>	<i>(Audited) 30 September 2013 KD</i>	<i>30 June 2013 KD</i>
Receivables	-	232,848	232,848	115,689	117,705
Cash and balances with financial institutions and short term murabahas	743,731	60,759,595	61,503,326	62,777,496	52,812,761

12 SEGMENT INFORMATION

The group is engaged primarily in only one business segment, aircraft leasing segment. However, for management purposes, the group is organised into five geographical segments.

For nine months ended 30 June 2014:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Africa KD</i>	<i>Total KD</i>
Segment revenue	11,605,470	17,888,335	10,355,684	984,994	2,494,715	43,329,198
Segment results	4,479,319	5,353,477	2,188,374	329,040	715,809	13,066,019
Total assets	210,047,746	218,432,929	152,126,712	31,830,887	32,719,698	645,157,972
Total liabilities	134,476,095	200,507,562	81,956,241	10,220,035	29,199,757	456,359,690
<b>Other segmental information:</b>						
Depreciation	5,417,636	7,620,477	6,056,045	397,358	1,147,073	20,638,589
Capital expenditure	1,529	-	-	-	-	1,529

For nine months ended 30 June 2013:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Africa KD</i>	<i>Total KD</i>
Segment revenue	19,768,506	14,398,593	10,216,517	2,502,939	988,666	47,875,221
Segment results	12,024,470	2,296,893	2,523,442	337,314	727,306	17,909,425
Total assets	220,828,561	189,932,222	135,363,365	38,641,065	34,695,647	619,460,860
Total liabilities	150,541,110	153,042,608	93,380,104	11,441,713	32,046,630	440,452,165
<b>Other segmental information:</b>						
Depreciation and impairment	5,824,530	8,009,295	5,670,593	398,668	1,150,854	21,053,940
Capital expenditure	317	-	-	-	-	317

During the current period, the management of the Parent Company has revised the allocation basis of 'due to financial institutions' balance in liabilities to bring it further in line with segment allocation of respective assets. Accordingly, the comparative segment information is restated.