

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

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

30 JUNE 2017



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 2017, and the related interim condensed consolidated statement 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 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, or of the parent company's Memorandum of Incorporation and Articles of Association, as amended during the nine months period ended 30 June 2017 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)

MOHAMMED HAMED AL SULTAN
LICENCE NO. 100 A
AL SULTAN & PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL


16 July 2017
Kuwait


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

		<i>(Audited)</i>	
	<i>30 June</i>	<i>30 September</i>	<i>30 June</i>
	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
ASSETS			
Aircraft, engines and equipment	4	752,666,900	716,963,688
Capital advances		121,891,285	80,585,997
Receivables		3,216,298	1,676,844
Term deposits		-	4,068,900
Cash and cash equivalents		35,843,104	49,348,492
TOTAL ASSETS		913,617,587	852,643,921
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	95,209,348	95,209,348
Share premium		17,829,167	17,829,167
Statutory reserve		20,626,586	20,626,586
Foreign currency translation reserve		13,749,284	12,364,993
Retained earnings		123,901,268	112,089,072
TOTAL EQUITY		271,315,653	258,119,166
LIABILITIES			
Due to financial institutions		480,861,106	449,087,316
Security deposits		16,588,363	16,101,419
Maintenance reserve		128,403,513	116,471,406
Other liabilities		16,448,952	12,864,614
TOTAL LIABILITIES		642,301,934	594,524,755
TOTAL EQUITY AND LIABILITIES		913,617,587	852,643,921


Barrak A. Al-Sabeeh
Chairman of the Board


Meshary M. Al-Judaimi
Board Member

The attached notes 1 to 9 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 2017

	Notes	Three months ended 30 June		Nine months ended 30 June	
		2017	2016	2017	2016
		KD	KD	KD	KD
Operating lease income		19,871,411	19,330,951	58,370,760	48,511,693
Consultancy and service income		-	-	-	411,881
Murabaha income		124,282	297,863	440,235	839,875
Gain on disposal of aircraft, engines and equipment		-	-	251,382	1,258,684
Other income		2,723	-	33,787	-
Staff costs		(696,581)	(671,567)	(2,148,691)	(1,936,890)
Depreciation	4	(9,190,729)	(9,941,569)	(27,376,676)	(25,483,198)
Impairment loss on aircraft, engines and equipment	4	(185,864)	-	(856,094)	-
Other operating expenses		(526,751)	(948,148)	(1,460,492)	(4,492,763)
Finance costs		(3,352,346)	(4,013,427)	(9,918,788)	(8,711,666)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		6,046,145	4,054,103	17,335,423	10,397,616
Contribution to KFAS		(54,415)	(36,486)	(156,019)	(93,579)
NLST		(151,154)	(101,353)	(433,386)	(259,940)
Zakat		(60,461)	(40,541)	(173,354)	(103,976)
PROFIT FOR THE PERIOD		5,780,115	3,875,723	16,572,664	9,940,121
Basic and diluted earnings per share	3	6.07 fils	4.07 fils	17.41 fils	10.95 fils

The attached notes 1 to 9 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 2017

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	5,780,115	3,875,723	16,572,664	9,940,121
Other comprehensive income:				
<i>Items that are not reclassified subsequently to interim condensed consolidated statement of income:</i>				
Foreign currency translation adjustment	(1,553,003)	(80,976)	1,384,291	(454,317)
Other comprehensive (loss) income for the period	(1,553,003)	(80,976)	1,384,291	(454,317)
Total comprehensive income for the period	4,227,112	3,794,747	17,956,955	9,485,804

The attached notes 1 to 9 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 2017

	Share capital KD	Share premium KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
Balance at 1 October 2016	95,209,348	17,829,167	20,626,586	12,364,993	112,089,072	258,119,166
Profit for the period	-	-	-	-	16,572,664	16,572,664
Other comprehensive income for the period	-	-	-	1,384,291	-	1,384,291
Total comprehensive income for the period	-	-	-	1,384,291	16,572,664	17,956,955
Cash dividend (Note 5)	-	-	-	-	(4,760,468)	(4,760,468)
Balance at 30 June 2017	95,209,348	17,829,167	20,626,586	13,749,284	123,901,268	271,315,653
Balance at 1 October 2015	81,876,015	1,162,500	19,139,284	13,161,511	103,597,508	218,936,818
Profit for the period	-	-	-	-	9,940,121	9,940,121
Other comprehensive loss for the period	-	-	-	(454,317)	-	(454,317)
Total comprehensive (loss) income for the period	-	-	-	(454,317)	9,940,121	9,485,804
Issue of share capital	13,333,333	16,666,667	-	-	-	30,000,000
Cash dividend (Note 5)	-	-	-	-	(4,093,801)	(4,093,801)
Balance at 30 June 2016	95,209,348	17,829,167	19,139,284	12,707,194	109,443,828	254,328,821

The attached notes 1 to 9 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 2017

	Notes	Nine months ended 30 June	
		2017 KD	2016 KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST, and Zakat		17,335,423	10,397,616
Adjustments for:			
Depreciation	4	27,376,676	25,483,198
Impairment loss on aircraft, engines and equipment	4	856,094	-
Murabaha income		(440,235)	(839,875)
Finance costs		9,918,788	8,711,666
Receivable written off		76,676	1,976,856
Gain on disposal of aircraft, engines and equipment		(251,382)	(1,258,684)
		<u>54,872,040</u>	<u>44,470,777</u>
Changes in operating assets and liabilities:			
Receivables		(1,707,614)	7,165,645
Payables		4,580,791	(484,295)
Maintenance reserve		20,191,911	14,294,386
		<u>77,937,128</u>	<u>65,446,513</u>
Cash from operations		77,937,128	65,446,513
Finance cost paid		(9,900,667)	(6,040,052)
KFAS paid		(133,857)	(152,053)
NLST paid		(344,099)	(458,870)
Zakat paid		(137,640)	(183,548)
		<u>67,420,865</u>	<u>58,611,990</u>
Net cash flows from operating activities		67,420,865	58,611,990
INVESTING ACTIVITIES			
Purchase of aircraft, engines and equipment		(67,368,863)	(149,922,838)
Proceeds from disposal of aircraft, engines and equipment		7,281,617	8,452,034
Capital advances for purchase of aircraft, engines and equipment		(50,137,454)	(20,514,633)
Murabaha income received		541,252	686,263
Term deposit		4,091,175	-
		<u>(105,592,273)</u>	<u>(161,299,174)</u>
Net cash flows used in investing activities		(105,592,273)	(161,299,174)
FINANCING ACTIVITIES			
Financing facilities received		71,731,935	91,294,500
Financing facilities repaid		(42,416,652)	(16,276,338)
Proceeds from issue of additional share capital		-	30,000,000
Cash dividends paid	5	(4,760,468)	(4,093,801)
		<u>24,554,815</u>	<u>100,924,361</u>
Net cash flows from financing activities		24,554,815	100,924,361
NET DECREASE IN CASH AND CASH EQUIVALENTS		(13,616,593)	(1,762,823)
Foreign currency translation adjustment		111,205	(284,626)
Cash and cash equivalents at 1 October		49,348,492	50,473,240
CASH AND CASH EQUIVALENTS AT 30 JUNE		35,843,104	48,425,791

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

1 INCORPORATION AND PRINCIPAL ACTIVITIES

ALAFCO Aviation Lease and Finance Company K.S.C.P. (ALAFCO) (the “parent company”) is a Kuwaiti shareholding company registered and incorporated in Kuwait on 21 March 2000. The parent company is engaged in providing service to buy aircraft and other related assets on behalf of the aviation companies, coordinating with factories, providing asset management services to different aviation companies, providing operating lease or financing lease services commensurate with the needs and desires of aviation company customers. They also provide project financing to buy aircraft wholly or partly in light of the evaluation studies and the renewal of risk factors associated with such projects, marketing of aircraft to meet the medium-and long-term needs of aviation companies, assisting aviation companies in the marketing of their aircraft through selling and leasing, and participation in providing services associated with financing and providing technical support to aviation companies. The parent company operates in accordance with the Islamic Sharia’a principles. The parent company’s registered head office is at Kuwait Chamber of Commerce and Industry Building Annexe, Third Floor, Abdul Aziz Hamid Al Sagar Street, Al-Mirqab, Kuwait. The shares of the parent company are listed on the Kuwait Stock Exchange.

The parent company is an associate of Kuwait Finance House K.S.C.P. (“the Bank”).

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 2017 was authorised for issue in accordance with a resolution of the board of directors on 16 July 2017.

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 the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine months’ period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 30 September 2017. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 30 September 2016.

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

Changes in accounting policies

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 2016.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group’s interim condensed consolidated financial information are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

2 BASIS OF PREPARATION (continued)

Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

(a) Sale of goods

Contracts with customers in which the sale of goods (aircrafts) is generally expected to be the only performance obligation are not expected to have any impact on the group's consolidated statement of income. The group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the aircrafts.

(b) Equipment received from customers

When an entity receives, or expects to receive, non-cash consideration, IFRS 15 requires that the fair value of the non-cash consideration is included in the transaction price.

(c) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in group's consolidated financial statements. Many of the disclosure requirements in IFRS 15 are completely new.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the group.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the finance cost on the lease liability and the depreciation expense on the right-of-use asset.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

2 BASIS OF PREPARATION (continued)**Standards issued but not yet effective (continued)***IFRS 16 Leases (continued)*

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Profit for the period (KD)	5,780,115	3,875,723	16,572,664	9,940,121
Weighted average number of ordinary shares	952,093,482	952,093,482	952,093,482	907,649,037
Basic and diluted earnings per share	6.07 fils	4.07 fils	17.41 fils	10.95 fils

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

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>
Cost				
At 1 October 2016	920,925,140	329,264	152,869	921,407,273
Additions	76,640,335	298	1,560	76,642,193
Disposal	(46,701,924)	-	-	(46,701,924)
Foreign currency adjustment	5,041,561	1,802	837	5,044,200
At 30 June 2017	955,905,112	331,364	155,266	956,391,742
Depreciation and impairment				
At 1 October 2016	204,141,944	242,476	59,165	204,443,585
Depreciation charge for the period	27,340,277	17,175	19,224	27,376,676
Impairment loss on aircraft, engines and equipment	856,094	-	-	856,094
Disposal	(29,940,902)	-	-	(29,940,902)
Foreign currency adjustment	987,906	1,248	235	989,389
At 30 June 2017	203,385,319	260,899	78,624	203,724,842
Net carrying amount				
At 30 June 2017	752,519,793	70,465	76,642	752,666,900
At 30 September 2016 (Audited)	716,783,196	86,788	93,704	716,963,688
At 30 June 2016	693,388,319	92,579	99,613	693,580,511

Aircraft with carrying value of KD 675,887,781 (30 September 2016: KD 699,085,355 and 30 June 2016: KD 672,761,533) are under finance lease arrangements and are mortgaged against the financing facilities and registered in the name of the lenders.

5 SHARE CAPITAL AND ANNUAL GENERAL ASSEMBLY

The authorised, issued and fully paid share capital as at 30 June 2017 comprises 952,093,482 ordinary shares (30 September 2016: 952,093,482 ordinary shares, 30 June 2016: 952,093,482 ordinary shares) of 100 fils each, fully paid in cash.

On 20 December 2016, the shareholders at the annual general assembly of the parent company approved the consolidated financial statements for the year ended 30 September 2016 and approved a cash dividend of 5% for the year ended 30 September 2016 (30 September 2015: 5%) of par value of each share being 5 fils per share (30 September 2015: 5 fils per share) amounting to KD 4,760,468 (30 September 2015: KD 4,093,801), which was paid subsequently.

On 20 December 2016, the shareholders at the annual general assembly of the parent company approved directors' remuneration of KD 138,500 for the year ended 30 September 2016 (30 September 2015: KD 115,750).

6 CAPITAL COMMITMENTS

Capital commitments in respect of purchase of aircraft and engines amount to KD 1,675,984,628 (30 September 2016: KD 1,730,637,037 and 30 June 2016: KD 1,727,017,574).

7 CONTINGENT LIABILITIES

As at 30 June 2017, the group has contingent liabilities amounting to KD 8,869,906 (30 September 2016: KD 8,869,906 and 30 June 2016: KD 8,869,906) in respect of letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2017

8 RELATED PARTY TRANSACTIONS

Related parties represent the 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 and Board of Directors.

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>Nine months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Murabaha income				
- Bank	-	-	4,144	3,663
- Other related parties*	100,690	297,863	412,496	836,212
	<u>100,690</u>	<u>297,863</u>	<u>416,640</u>	<u>839,875</u>
Consultancy and service income				
- Bank	-	-	-	411,881
	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,881</u>
Finance costs				
- Bank	115,609	-	167,523	-
	<u>115,609</u>	<u>-</u>	<u>167,523</u>	<u>-</u>
<i>Key management compensation:</i>				
Salaries and other short term benefits	307,753	340,637	939,743	903,380
End of service benefits	30,218	30,311	98,980	108,100
	<u>337,971</u>	<u>370,948</u>	<u>1,038,723</u>	<u>1,011,480</u>

Interim condensed consolidated statement of financial position:

	<i>Bank</i>	<i>Other related</i>	<i>Total</i>
	<i>KD</i>	<i>parties*</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 June 2017			
Receivables **	-	23,658	23,658
Cash and cash equivalents ***	6,078,505	19,346,870	25,425,375
Due to financial institutions	52,942,835	-	52,942,835
Other liabilities****	78,329	-	78,329
30 September 2016 (Audited)			
Receivables **	-	137,559	137,559
Cash and cash equivalents ***	1,215,784	46,819,113	48,034,897
Term deposits ***	-	4,068,900	4,068,900
30 June 2016			
Receivables **	-	279,989	279,989
Cash and cash equivalents ***	4,076,757	44,022,460	48,099,217
Term deposits***	-	17,217,690	17,217,690

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

8 RELATED PARTY TRANSACTIONS (continued)

* Other related parties represent subsidiaries of the Bank.

** Receivable represents accrued murabaha income.

*** The deposits yield an effective profit rate ranging from 1.25% to 1.5% per annum (30 September 2016: 1.25% to 1.75%, 30 June 2016: 1.25% to 1.75%).

**** Other liabilities represents accrued finance cost on Islamic finance facility obtained from Bank.

9 SEGMENT INFORMATION

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

30 June 2017:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>America KD</i>	<i>Africa KD</i>	<i>Total KD</i>
Segment revenue	11,990,177	34,982,922	8,366,947	1,063,564	2,692,554	59,096,164
Segment results before taxations	3,871,512	10,664,839	1,439,247	419,174	940,651	17,335,423
Total assets	220,786,124	435,008,901	199,228,006	28,361,211	30,233,345	913,617,587
Total liabilities	166,466,661	357,937,947	80,487,058	10,753,429	26,656,839	642,301,934
Other segmental information:						
Depreciation	5,837,826	15,508,256	4,363,685	428,870	1,238,039	27,376,676
Impairment loss on aircraft, engines and equipment	304,450	-	551,644	-	-	856,094
Provision for doubtful debts	-	-	76,676	-	-	76,676
Capital expenditure	49,095,958	27,546,235	-	-	-	76,642,193

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

9 SEGMENT INFORMATION (continued)

30 June 2016:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>America KD</i>	<i>Africa KD</i>	<i>Total KD</i>
Segment revenue	12,052,273	26,221,222	9,021,759	1,055,285	2,671,594	51,022,133
Segment results before taxations	4,509,310	7,548,310	(2,931,966)	394,402	877,560	10,397,616
Total assets	191,981,774	373,336,967	209,518,308	19,040,676	31,749,585	825,627,310
Total liabilities	121,463,708	322,478,419	88,727,019	10,273,348	28,355,995	571,298,489
Other segmental information:						
Depreciation	5,822,652	11,439,499	6,561,056	427,090	1,232,901	25,483,198
Provision for doubtful debts	-	-	1,976,856	-	-	1,976,856
Capital expenditure	13,597	125,142,980	24,766,261	-	-	149,922,838