

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

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

30 JUNE 2018



Ernst & Young
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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 2018, 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 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 months period ended 30 June 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)

18 July 2018
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2018

		<i>(Audited)</i>	
	<i>30 June</i>	<i>30 September</i>	<i>30 June</i>
	<i>2018</i>	<i>2017</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
ASSETS			
Aircraft, engines and equipment	4	753,227,593	883,547,970
Capital advances		198,512,794	127,570,232
Receivables		5,521,135	3,224,856
Cash and cash equivalents		79,927,870	61,987,014
TOTAL ASSETS		1,037,189,392	1,076,330,072
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	95,209,348	95,209,348
Share premium		17,829,167	17,829,167
Statutory reserve		24,120,022	24,120,022
Foreign currency translation reserve		13,686,301	12,933,651
Retained earnings		158,560,973	136,650,080
TOTAL EQUITY		309,405,811	286,742,268
LIABILITIES			
Due to financial institutions		549,280,204	611,848,817
Security deposits		10,593,385	14,312,313
Maintenance reserve and provisions		152,340,311	143,731,943
Other liabilities		15,569,681	19,694,731
TOTAL LIABILITIES		727,783,581	789,587,804
TOTAL EQUITY AND LIABILITIES		1,037,189,392	1,076,330,072

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. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 30 June 2018

	<i>Notes</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Operating lease income		24,776,108	19,871,411	74,062,207	58,370,760
Murabaha income		334,885	124,282	623,511	440,235
(Loss) gain on disposal of aircraft, engines and equipment	4	(1,041,786)	-	30,042,106	251,382
Other income		112,572	2,723	115,885	33,787
Staff costs		(621,547)	(696,581)	(2,101,340)	(2,148,691)
Depreciation	4	(10,308,667)	(9,190,729)	(33,460,834)	(27,376,676)
Heavy maintenance and re-lease provision		(5,092)	-	(17,041,395)	-
Impairment loss on aircraft, engines and equipment		-	(185,864)	-	(856,094)
Other operating expenses		(1,339,027)	(526,751)	(2,303,406)	(1,460,492)
Finance costs		(5,600,338)	(3,352,346)	(16,500,220)	(9,918,788)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		6,307,108	6,046,145	33,436,514	17,335,423
Contribution to KFAS		(56,764)	(54,415)	(300,929)	(156,019)
NLST		(136,068)	(151,154)	(1,216,969)	(433,386)
Zakat		(54,428)	(60,461)	(486,788)	(173,354)
PROFIT FOR THE PERIOD		6,059,848	5,780,115	31,431,828	16,572,664
Basic and diluted earnings per share	3	6.36 Fils	6.07 Fils	33.01 Fils	17.41 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. and Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)**

For the period ended 30 June 2018

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	6,059,848	5,780,115	31,431,828	16,572,664
Other comprehensive income (loss):				
<i>Items that are not reclassified subsequently to interim condensed consolidated statement of income:</i>				
Foreign currency translation adjustment	3,079,698	(1,553,003)	752,650	1,384,291
Other comprehensive income (loss) for the period	3,079,698	(1,553,003)	752,650	1,384,291
Total comprehensive income for the period	9,139,546	4,227,112	32,184,478	17,956,955

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. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2018

	Share capital KD	Share premium KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
Balance at 1 October 2017	95,209,348	17,829,167	24,120,022	12,933,651	136,650,080	286,742,268
Profit for the period	-	-	-	-	31,431,828	31,431,828
Other comprehensive income for the period	-	-	-	752,650	-	752,650
Total comprehensive income for the period	-	-	-	752,650	31,431,828	32,184,478
Cash dividend (Note 5)	-	-	-	-	(9,520,935)	(9,520,935)
Balance at 30 June 2018	95,209,348	17,829,167	24,120,022	13,686,301	158,560,973	309,405,811
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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2018

	Notes	Nine months ended 30 June	
		2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period		31,431,828	16,572,664
Adjustments for:			
Depreciation	4	33,460,834	27,376,676
Impairment loss on aircraft, engines and equipment		-	856,094
Murabaha income		(623,511)	(440,235)
Finance costs		16,500,220	9,918,788
Receivables written off during the period		-	76,676
Heavy maintenance and re-lease provision		17,041,395	-
Gain on disposal of aircraft, engines and equipment	4	(30,042,106)	(251,382)
		67,768,660	54,109,281
Changes in operating assets and liabilities:			
Receivables		(3,650,269)	(1,707,614)
Payables		(7,804,744)	4,727,954
Maintenance reserve and provisions		5,362,918	20,191,911
Cash from operations		61,676,565	77,321,532
Finance cost paid		(15,269,303)	(9,900,667)
Net cash flows from operating activities		46,407,262	67,420,865
INVESTING ACTIVITIES			
Purchase of aircraft, engines and equipment		(29,368,664)	(67,368,863)
Proceeds from disposal of aircraft, engines and equipment		184,247,516	7,281,617
Capital advances for purchase of aircraft, engines and equipment		(109,925,206)	(50,137,454)
Murabaha income received		609,488	541,252
Term deposit		-	4,091,175
Net cash flows from (used in) investing activities		45,563,134	(105,592,273)
FINANCING ACTIVITIES			
Financing facilities received		172,735,844	71,731,935
Financing facilities repaid		(237,870,802)	(42,416,652)
Cash dividends paid	5	(9,520,935)	(4,760,468)
Net cash flows (used in) from financing activities		(74,655,893)	24,554,815
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Foreign currency translation adjustment		626,353	111,205
Cash and cash equivalents at 1 October		61,987,014	49,348,492
CASH AND CASH EQUIVALENTS AT 30 JUNE		79,927,870	35,843,104

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. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

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, providing 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 needs of medium-and long-term for aviation companies wishing with such services, assisting aviation companies in the marketing of their aircraft through selling and leasing, participation in providing services associated with financing and providing technical support to aviation companies, assistance in the joint investment operations and specialized in aviation industry, Wholly or partly investment in providing aircraft, engines and spare parts as appropriate to needs of aviation companies and factories customers, Management and investment of revenues generated and collected from the above mentioned operations. The parent company may have an interest or to participate in any aspect in other entities conducting similar activities or which may assist in achieving its objectives in Kuwait or abroad and it may establish, participate or buy these bodies or in their equity.

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") and Gulf Investment Corporation S.A.G. (GIC).

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 2018 was authorised for issue in accordance with a resolution of the board of directors on 18 July 2018.

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 2018 are not necessarily indicative of the results that may be expected for the financial year ending 30 September 2018. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 30 September 2017.

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 2017, except for the adoption of new standards effective for annual period beginning on or after 1 October 2017.

Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial information of the group. The nature and the impact of each amendment is described below:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

2 BASIS OF PREPARATION (continued)

Changes in accounting policies (continued)

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The group is not required to provide additional disclosures in its condensed interim consolidated financial information, but will disclose additional information in its annual consolidated financial statements for the year ended 30 September 2018.

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, with early application permitted. This standard does not have any significant impact on the group.

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. This standard does not have any significant 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.

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. The group is in the process of assessing the impact of IFRS 16 on its consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

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>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit for the period (KD)	6,059,848	5,780,115	31,431,828	16,572,664
Weighted average number of ordinary shares	952,093,482	952,093,482	952,093,482	952,093,482
Basic and diluted earnings per share	6.36 Fils	6.07 Fils	33.01 Fils	17.41 Fils

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

4 AIRCRAFT, ENGINES AND EQUIPMENT

	<i>Aircraft and engines</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cost				
At 1 October 2017	1,102,923,208	330,906	154,831	1,103,408,945
Additions	147,155,780	-	11,478	147,167,258
Transfer from capital advances	40,452,162	-	-	40,452,162
Disposal	(344,245,828)	-	-	(344,245,828)
Foreign currency adjustment	2,372,270	712	333	2,373,315
At 30 June 2018	948,657,592	331,618	166,642	949,155,852
Depreciation and impairment				
At 1 October 2017	219,510,343	265,856	84,776	219,860,975
Depreciation charge for the period	33,424,398	17,057	19,379	33,460,834
Disposal	(58,046,399)	-	-	(58,046,399)
Foreign currency adjustment	651,897	665	287	652,849
At 30 June 2018	195,540,239	283,578	104,442	195,928,259
Net carrying amount				
At 30 June 2018	753,117,353	48,040	62,200	753,227,593
At 30 September 2017 (Audited)	883,412,865	65,050	70,055	883,547,970
At 30 June 2017	752,519,793	70,465	76,642	752,666,900

Aircraft with carrying value of KD 715,281,770 (30 September 2017: KD 883,412,865 and 30 June 2017: KD 675,887,781) are under finance lease arrangements and are mortgaged against the financing facilities and registered in the name of the lenders.

During the period ended 30 June 2018, the group recognized gain of KD 30,042,106 (30 June 2017: KD 251,382) from the sale of several aircrafts which included gain from sale of newly delivered aircrafts that were sold upon delivery from the manufacturer.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

5 SHARE CAPITAL AND ANNUAL GENERAL ASSEMBLY

The authorised, issued and fully paid share capital as at 30 June 2018 comprises 952,093,482 ordinary shares (30 September 2017: 952,093,482 ordinary shares, 30 June 2017: 952,093,482 ordinary shares) of 100 fils each, fully paid in cash.

On 25 December 2017, the shareholders at the annual general assembly of the parent company approved the consolidated financial statements for the year ended 30 September 2017 and approved a cash dividend of 10% for the year ended 30 September 2017 (30 September 2016: 5%) of par value of each share being 10 fils per share (30 September 2016: 5 fils per share) amounting to KD 9,520,935 (30 September 2016: KD 4,760,468), which was paid subsequently.

On 25 December 2017, the shareholders at the annual general assembly of the parent company approved directors' remuneration of KD 180,000 for the year ended 30 September 2017 (30 September 2016: KD 138,500).

6 CAPITAL COMMITMENTS

Capital commitments in respect of purchase of aircraft and engines amount to KD 1,642,043,624 (30 September 2017: KD 1,653,630,845 and 30 June 2017: KD 1,675,984,628).

7 CONTINGENT LIABILITIES

As at 30 June 2018, the group has contingent liabilities amounting to KD 18,490,138 (30 September 2017: KD 8,869,906 and 30 June 2017: 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.

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>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Murabaha income				
- Bank	1,262	-	2,391	4,144
- Other related parties*	333,623	100,690	621,120	412,496
	334,885	100,690	623,511	416,640
Finance costs				
- Bank	591,700	115,609	2,754,517	167,523
	591,700	115,609	2,754,517	167,523
<i>Key management compensation:</i>				
Salaries and other short-term benefits	302,159	307,753	1,058,366	939,743
End of service benefits	29,433	30,218	98,480	98,980
	331,592	337,971	1,156,846	1,038,723

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

As at and for the period ended 30 June 2018

8 RELATED PARTY TRANSACTIONS (continued)

Interim condensed consolidated statement of financial position:

	<i>Bank KD</i>	<i>Other related parties* KD</i>	<i>Total KD</i>
30 June 2018			
Capital advances	-	321,778	321,778
Receivables **	-	50,893	50,893
Cash and cash equivalents	17,123,685	61,038,822	78,162,507
Due to financial institutions	47,294,459	-	47,294,459
Other liabilities***	209,310	-	209,310
30 September 2017 (Audited)			
Capital advances	-	321,088	321,088
Receivables **	-	33,589	33,589
Cash and cash equivalents	9,863,309	51,010,654	60,873,963
Due to financial institutions	131,880,080	-	131,880,080
Other liabilities***	297,568	-	297,568
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

* Other related parties represent subsidiaries of the Bank.

** Receivables represents accrued murabaha income.

*** Other liabilities represent 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 2018:

	<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	23,313,199	71,686,005	5,791,358	1,760,808	2,292,339	104,843,709
Segment results before taxations	(9,342,763)	43,116,287	1,186,481	(2,261,690)	738,199	33,436,514
Total assets	259,814,634	466,542,858	170,730,553	111,534,509	28,566,838	1,037,189,392
Total liabilities	261,011,455	378,854,230	40,441,770	23,219,349	24,256,777	727,783,581
Other segmental information:						
Depreciation	9,249,569	17,885,005	3,154,832	1,946,483	1,224,945	33,460,834
Capital expenditure	11,478	187,607,942	-	-	-	187,619,420

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2018

9 SEGMENT INFORMATION (continued)

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