MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC
AND SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH
INDEPENDENT AUDITORS' REPORT

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC
AND SUBSIDIARIES
STATE OF KUWAIT

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WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Mubarrad Transportation Co. K.S.C. - Public
And Subsidiaries
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mubarrad Transportation Co. K.S.C. - Public (the Parent Company) and subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of profit or loss and profit or loss and other comprehensive income, changes in equity and consolidated cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly ,in all material respects, the financial position of Mubarrad Transportation Co. K.S.C. - Public (the Parent Company) and Subsidiaries (the Group) as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 25 of 2012 and its amendments, its executive regulations or Articles of Association and the Parent Company's Articles of Incorporation and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Directors' Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the year ended December 31, 2014 of the Companies Law No. 25 of 2012 and its amendments, its executive regulations or Articles of Association and the Parent Company's Articles of Incorporation which might have materially affected the Group's financial position or results of its operations.

Ali Owaid Rukheyes
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Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
February 12, 2015

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2014	2013
Current assets:			
Cash and cash equivalent	3	1,004,224	1,275,041
Investment Deposits		-	1,750,000
Accounts receivable and other debit balances	4	1,395,346	1,223,900
Due from related parties	5	-	28,847
Right of utilization held for trading	6	-	2,750,000
Inventories	7	439,901	412,973
		2,839,471	7,440,761
Assets classified as held for sale	8	3,700	40,975
Total current assets		2,843,171	7,481,736
Non-current assets:			
Investments available for sale	9	2,066,693	2,421,662
Investments in associates	10	5,911,330	4,219,854
Investment properties	11	8,636,372	2,878,879
Property, plant and equipment	12	2,441,776	2,769,500
Goodwill		91,005	91,005
Total non-current assets		19,147,176	12,380,900
Total assets		21,990,347	19,862,636
LIABILITIES AND EQUITY			
Current liabilities:			
Short term finance contract installments	13	1,814,565	1,819,987
Accounts payable and other credit balances	14	950,537	593,243
Due to related party	5	3,705	3,705
Total current liabilities		2,768,807	2,416,935
Non-current liabilities			
Provision for end of service indemnity	15	253,596	217,544
Total non-current liabilities		253,596	217,544
Total liabilities		3,022,403	2,634,479
Equity:			
Share capital	16	16,369,277	16,369,277
Statutory reserve	17	255,640	66,721
Treasury shares reserve		84,388	84,388
Cumulative changes in fair value		222,348	316,612
Effect of changes in ownership interest of a subsidiary		1,588	1,588
Effect of changes in other comprehensive income of associates		(3,545)	(14,917)
Foreign currency translation reserve		(202,475)	(238,548)
Retained earnings		2,167,553	572,277
Equity attributable to shareholders of the Parent Company		18,894,774	17,157,398
Non - controlling interests		73,170	70,759
Total equity		18,967,944	17,228,157
Total liabilities and equity		21,990,347	19,862,636

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

شركة مبرد للنقل - الكويت
Mubarrad Transport Co. Kuwait

Chairman
Abdullah Mohammed Al-Shaty

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts are in Kuwaiti Dinars)

	Note	2014	2013
Continuing Operations:			
Sales		1,204,454	549,397
Cost of sales		(919,220)	(454,339)
Gross profit		285,234	95,058
Revenue from transportation, leasing and maintenance		1,031,589	1,526,399
Cost of transportation, leasing and maintenance		(884,582)	(1,567,883)
Gross profit (loss)		147,007	(41,484)
Revenue from rental of stores		391,678	242,562
Cost of rental of stores		(154,895)	(153,603)
Gross profit		236,783	88,959
Total gross profit		669,024	142,533
General and administrative expenses	19	(679,153)	(650,077)
Provision for doubtful debts	4, b	(149,301)	(31,800)
Provision for slow moving inventories	7	(45,321)	-
Provisions no long required		11,236	86,730
Depreciation	12	(53,840)	(52,979)
Operating loss		(247,355)	(505,593)
Impairment loss for property, plant and equipment		-	(1,128)
Gain on sale of property, plant and equipment		-	271,839
Gain on sale of investment in subsidiaries		12,779	-
Gain on sale of investments available for sale		34,367	-
Loss from disposal of investment in associate	10	-	(13,831)
Gain from bargain purchase for acquisition of associate	10	192,165	-
Share of results from an associates	10	1,411,644	338,343
Change in fair value of investment properties	11	473,832	(18,779)
Finance charges		(95,208)	(96,795)
Foreign exchange gain		73,711	3,115
Interest income		20,942	12,542
Other income	20	27,929	162,832
Profit for the year from continuing operations before discontinued operations and contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		1,904,806	152,545
(Loss) profit for the year from discontinued operations	8	(13,448)	512,595
Profit for the year before contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		1,891,358	665,140
Contribution to KFAS	21	(12,488)	(5,968)
NLST	22	(52,316)	(17,194)
Zakat	23	(15,186)	(5,052)
Board of Directors' remuneration	24	(25,000)	-
Net profit for the year		1,786,368	636,926
Attributable to:			
Shareholders of the Parent Company		1,784,195	638,998
Non - controlling interests		2,173	(2,072)
Net profit for the year		1,786,368	636,926
		Fils	Fils
Earnings per share attributable to Parent Company's shareholders	25	10.90	3.90

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts are in Kuwaiti Dinars)

	Note	2014	2013
Net profit for the year		1,786,368	636,926
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss			
Related to investments available for sale:			
Change in fair value of inveatments available for sale	9	(79,572)	303,072
Reversal due to sale of investments available for sale		(14,797)	-
Share of other comprehensive income from associates	10	11,372	920
Exchange difference on translating foreign operations		36,416	(264,017)
Other comprehensive (loss) income for the year		(46,581)	39,975
Total comprehensive income for the year		1,739,787	676,901
Attributable to:			
Shareholders of the Parent Company		1,737,376	678,871
Non-controlling interests		2,411	(1,970)
Total comprehensive income for the year		1,739,787	676,901

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company											
	Share Capital	Share premium	Statutory reserve	Treasury shares reserve	Cumulative changes in fair value	Effects of change in ownership interest of a subsidiary	Effects of changes in other comprehensive income of associates	Foreign currency translation reserves	Retained earnings	Sub total	Non – controlling interests	Total equity
Balance as of December 31, 2012	21,687,924	4,426,994	-	84,388	13,540	1,588	(15,837)	25,571	(9,745,641)	16,478,527	72,729	16,551,256
Capital decrease	(5,318,647)	-	-	-	-	-	-	-	5,318,647	-	-	-
Transferred from share premium to accumulated losses	-	(4,426,994)	-	-	-	-	-	-	4,426,994	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	303,072	-	920	(264,119)	638,998	678,871	(1,970)	676,901
Transferred to statutory reserve	-	-	66,721	-	-	-	-	-	(66,721)	-	-	-
Balance as of December 31, 2013	16,369,277	-	66,721	84,388	316,612	1,588	(14,917)	(238,548)	572,277	17,157,398	70,759	17,228,157
Total comprehensive(loss) income for the year	-	-	-	-	(94,264)	-	11,372	36,073	1,784,195	1,737,376	2,411	1,739,787
Transferred to statutory reserve	-	-	188,919	-	-	-	-	-	(188,919)	-	-	-
Balance as of December 31, 2014	16,369,277	-	255,640	84,388	222,348	1,588	(3,545)	(202,475)	2,167,553	18,894,774	73,170	18,967,944

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts are in Kuwaiti Dinars)

	Note	2014	2013
Cash flows from operating activities:			
Profit for the year from continued operations before contribution to KFAS, NLST, Zakat and Boars of directors' remuneration		1,904,806	152,545
(Loss) profit for the year from discontinued operations before contribution to KFAS, NLST, Zakat and Boars of directors' remuneration		(13,448)	512,595
Adjustments:			
Depreciation		336,973	487,545
Provision no longer required		(11,236)	(86,730)
Provision for doubtful debts		149,301	31,800
Provision for slow moving inventories		45,321	-
Impairment loss for assets classified as held for sale		13,448	11,997
Gain on sale of property, plant and equipment		-	(272,194)
Gain on sale of investments available for sale		(34,367)	-
Share of results from an associates		(1,411,644)	(338,343)
Gain from bargain purchase for acquisition of associate		(192,165)	-
Loss from disposal of investment in associate		-	13,831
Gain on sale of assets classified as held for sale		-	(562,770)
Changes in fair value of investment properties		(473,832)	18,779
Finance charges		95,208	145,605
Foreign currency translation adjustments		(79,054)	252,612
Interest income		(20,942)	(12,542)
Provision for end of service indemnity		52,299	18,727
		360,668	373,457
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(309,511)	594,958
Due from related parties		28,847	192,964
Inventories		(72,249)	5,016
Accounts payable and other credit balances		280,518	(964,154)
Cash generated from operations		288,273	202,241
End of service indemnity paid		(16,247)	(198,679)
Payment to KFAS		(5,968)	-
Payment to NLST		(17,194)	-
Payment to Zakat		(5,052)	-
Net cash generated from operating activities		243,812	3,562
Cash flows from investing activities:			
Net decrease in investment deposits		1,750,000	(1,600,000)
Paid for property, plant and equipment		(9,249)	(17,053)
Paid for investment properties		(2,510,305)	(520,939)
Proceeds from sale of assets classified as held for sale		23,827	4,479,866
Proceeds from sale of property, plant and equipment		-	859,137
Paid for acquisition of additional investment in an associate		(282,594)	-
Cash dividend received from associate		298,413	-
Proceeds from sale of investments available for sale		294,967	-
Interest income received		20,942	12,542
Net cash (used in) generated from investing activities		(413,999)	3,213,553

	Note	2014	2013
Cash flows from financing activities:			
Net movement on liabilities directly related to assets classified as held for sale		-	(2,573,160)
Paid for finance contact installment		**(100,630)**	(186,832)
Net movement in due to related party		-	(141,200)
Net cash used in financing activities		**(100,630)**	(2,901,192)
Net (decrease) increase in cash and cash equivalents		**(270,817)**	315,923
Cash and cash equivalent at beginning of the year		**1,275,041**	959,118
Cash and cash equivalent at end of the year	3	**1,004,224**	1,275,041

The accompanying notes (1) to (32) form an integral part of the consolidated financial statements

1. Incorporation and activities of the Parent Company

Mubarrad Transportation Company – K.S.C. (Public) "the Parent Company" is a Kuwaiti public shareholding company registered in Kuwait and was incorporated as per Articles of Association of a limited liability Company, authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department – under No. 366/Volume 1 dated March 6, 1996 and its subsequent amendments the last contract which was authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department Under No 5394 / Volume 1 dated July 14, 2004, the following amendments were made according to the last contract:

First — The legal entity of Mubarred International Trading & Transportation Co. – Abdullatif and Jamal Mohammed Al-Fadalah and Partners – was changed from a limited liability Company to a Kuwaiti Shareholding Company - Public.

Second — Amendment of the Parent Company's name to be "Mubarrad Transportation Company – K.S.C. - Public".

The main activities of the Parent Company are:

- Transportation of goods.
- Ownership, rental and leasing of all types of transportation and loading.
- Opening garages to carry out maintenance services to the Company's various transportation machines and equipment related to the Company.
- Ownership, rental and leasing of lands and real estates required to achieve Company's objectives.
- Import, export, sale and leasing of various transportation means, heavy and light machines and equipment.
- Act as a commission agent regarding the transportation of goods , various transportation means , machines and equipment.
- Establishing, preparing and managing all kinds of warehouses of all types, including freezing or cooling, air conditioned or dry and open areas for all kinds of goods and storing all kinds of goods using depositing system under the customs supervision inside or outside the Free Zone Customs Areas and - Public warehouses.
- Practising all activities of customs handling and preparing warehouses with installations and means and cranes necessary for arranging and moving goods inside and outside warehouse regions.
- Trading and taking agencies of all handling equipment and terrestrial, marine and aerial transportation means and its related activities.
- Establishing and managing handicraft and industrial regions inside and outside Kuwait and shipping all kinds of goods and custom clearance.
- Managing computer systems related to custom procedures of Free Zones and - Public regions for controlling goods at the Company's warehouses or at other warehouses either governmental or private.
- Buying, selling and renting of cars and trucks as well as performing maintenance and repairs for the Company and for others, as well as for all kinds of forklifts and handling equipment, warehousing installations, representing agencies of land, marine and aerial shipping lines and companies and managing all gateways with all required mean for such workings.
- Designing, establishing, preparing renting and managing warehouses, designing, preparing, renting and managing all handicraft and industrial handicrafts and designing, establishing, preparing, renting and managing free customs regions and - Public warehouses, designing, establishing, renting and managing warehouses of government sector, ministries, government institutions and government companies and managing warehouses of the Company and others and clients.
- Investing available surplus funds in investment portfolios managed by specialized companies and parties.

The Parent Company conducts its business in compliance with the Islamic law. None of the above objectives may be construed as permitting the Parent Company to carry out any usurious business in the form of interest or any other form directly or indirectly.

The Parent Company may perform directly all of the above activities inside or outside the State of Kuwait or through agents on its behalf. The Parent Company may have an interest or participation in entities of similar activities which could assist the Parent Company in achieving its objectives inside or outside the State of Kuwait. The Parent Company may also establish, participate in or acquire such entities.

The Parent Company is registered in the commercial register under Ref. No. 641715.

According to the Parent Company's extraordinary General Assembly meeting held on September 15, 2014, the Parent Company had complied with the requirements of the Companies' Law No. 25 of 2012 and its subsequent amendments and executive regulations and this was registered in the commercial register on November 11, 2014.

The Parent Company's registered address is : Shuwaikh industrial area – Plot 140 & 141 – extension of Canada Dry Street – P.O. Box 42132 – Shuwaikh 70652 – State of Kuwait.

The parent company's owned by 48.75% from A'ayan Leasing and Investment Group K.S.C. (Public) and subsidiaries (the main parent company's) is shareholding company registered in State of Kuwait.

At December 31, 2014 the Parent Company had 185 employees (2013: 205 employees).

The consolidated financial statements were authorized for issue by the Board of Directors on February 12, 2015. The consolidated financial statements are subject to the Parent Company shareholders Ordinary General Assembly. The Parent Company's shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant Accounting policies

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting standards issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No.18 of 1990. Significant accounting policies are summarized as follows:

a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention, except for investments available for sale and investment properties that are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2 (w).

Standards and Interpretations issued and effective

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2014:

Amendments to IAS 32 - Offsetting financial assets and financial liabilities
The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement".

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets
The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements.

These amendments are not expected to have any material impact on the consolidated financial statements.

Standards and Interpretations issued but not effective
The following IASB Standards and Interpretations have been issued but are not yet effective, and have not yet been adopted by the Group:

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after January 1, 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
The amendments, effective prospectively for annual periods beginning on or after January 1, 2016, clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IAS 27 – Equity method in separate financial statements
The amendment, effective for annual periods beginning on or after January 1, 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

These amendments are not expected to have any material impact on the consolidated financial statements.

b) Principles of consolidation

The consolidated financial statements include the financial statements of Mubarrad Transportation Co. K.S.C. - Public (The Parent Company) and the following subsidiaries:

Name of the subsidiaries	Country of incorporation	Principal activities	Percentage of ownership	
			2014	2013
Batic Manufacturing Co. - W.L.L.	State of Kuwait	Industrial	99%	99%
Mubarrad Egypt for Logistic Services and Transportation Co. – E.S.C.	Arab Republic of Egypt	Logistics services	90%	90%
Mubarrad for Development and Limit Investment Co. W.L.L.	Republic of Sudan	Logistics services	100%	100%
Emdad Equipment Leasing Co. K.S.C. (Closed)	State of Kuwait	Logistics services	98%	98%
Mubarrad Logistics Integrated Services Co. – E.S.C.	Arab Republic of Egypt	Logistics services	98%	98%
Mubarrad Transportation Co. W.L.L.	UAE	Logistics services	-	99%
Mubaq Transportation Co. W.L.L.	UAE	Logistics services	-	99%

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current financial ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the Non-controlling shareholder's share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

During the year ended December 31, 2014, the Parent Company signed an agreement for sale of its 99% owned subsidiaries Mubarrad Transportation Co. W.L.L. and Mubaq Transportation Co. W.L.L. – United Arab Emirates and this resulted in a gain of KD 12,780 as shown in the consolidated statement of profit or loss.

c) <u>Financial instruments</u>

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities carried on the consolidated statement of Financial Position include cash and cash equivalents, receivables, investments, short term finance contract installements, due to related party and payables. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

c-1) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c-2) Accounts receivable

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group / Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

c-3) Investments

The Group classifies its investments as available for sale. The classification depends on the purpose for which the investments were acquired and is determined at initial recognition by the management.

(i) Investments available for sale

Investments available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Purchases and sales of investments are recognized on settlement date – the date on which an asset is delivered to or by the Group. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement

After initial recognition, investments available for sale are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Unrealized gains and losses arising from changes in the fair value of investments available for sale are recognized in cumulative changes in fair value in other comprehensive income.

Where investments available for sale could not be measured reliably, these are stated at cost less impairment losses, if any.

When an investment available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition
An investment (in whole or in part) is derecognized either when:

A- The contractual rights to receive the cash flows from the investment have expired;

B- Or the Group has transferred its rights to receive cash flows from the investment and either
   (1) Has transferred substantially all the risks and rewards of ownership of the investment, or
   (2) Has neither transferred nor retained substantially all the risks and rewards of the investment, but has transferred control of the investment. Where the Group has retained control, it shall continue to recognize the investment to the extent of its continuing involvement in the investment.

Impairment
The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant decline is evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for investments available for sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale are not reversed through the consolidated statement of profit or loss.

c-4) Finance contracts

Finance contracts represent amounts payable on a deferred settlement basis for property, plant and equipment purchased under financing contracts. Financing contracts are stated at the gross amount of the payable, net of deferred expenses payable in the future. Financing contracts expenses are recognized when matured on a time proportion basis.

c-5) Payables

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

d) Inventories

1- Inventories are valued at lower of cost or net realizable value after providing allowances for any obsolete or slow moving items. Cost comprise direct materials , direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the weighted average basis.

2- Finished and semi finished goods are valued at lower of cost or net realizable value after providing allowances for any obsolete or slow moving items .Costs comprises direct materials and direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and conditions. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

e) Non Current Assets Held for Sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortized.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and investment property which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Assets that cease to be classified as held for sale (or cease to be included in a group classified as held for sale) are measured at the lower of:

(a) its carrying amount before the asset (or group assets held for sale) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or group assets held for sale) not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell.

f) Discontinued operations

A discontinued operation is a component of the Group's business, the operational results and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In the consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in the consolidated statement of profit or loss.

g) Associates

Associates are those enterprises in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. The consolidated financial statements include the Group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate id impaired. If this is the case, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

h) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Property interest that is held under an operating lease is classified and accounted for as investment property when the property would otherwise meet the definition of an investment property and the lessee uses the fair value model.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

i) Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other property, plant and equipment except transport vehicles whose value has been calculated after taking into account the residual value of asset by 20% as follows:

	Years
Buildings	20
Tools	4 – 6.66
Machinery & equipments	5 – 10
Transportation vehicles	6.66 – 10
Furniture and decoration	4 - 5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets.

j) Goodwill

Goodwill represents the excess of the consideration transferred and the amount recognized for non – controlling interest over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of profit or loss any excess remaining after that remeasurement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investment in associates' in note 2 (g).

k) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

l) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period and approximates the present value of the final obligation.

m) Cash and non-cash (dividend) distribution to shareholders of the parent company

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

n) Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

o) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves and then share premium respectively.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's equity holders.

p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods
Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Interest income
Interest income is recognized using the effective interest method.

Dividend income
Dividend income is recognized when the right to receive payment is established.

Rent
Rental income is recognized, when earned, on a time apportionment basis.

Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

Transportation contracts
Revenue from transportation contract is recognized in accordance with the percentage of completion method of accounting measured by reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract.

Other income and expenses
Other income and expenses are recognized on an accrual basis .

q) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

r) Finance costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific financing pending their expenditure on qualifying assets is deducted from the Finance costs eligible for capitalization. All other Finance costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing funds.

s) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiaries are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiaries are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of other comprehensive income. Such translation differences are recognized in the consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

t) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) **Operating lease**

a) **The Group as lessor**

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

b) **The Group as lessee**

Rentals payable under operating leases are charged to the consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

u) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

v) Contingencies

Contingent liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

w) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue Recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Determination of contract cost
Determination of costs which are directly related to the specific contract or attributable to the contract activity in general requires significant judgment. The determination of contract cost has a significant impact upon revenue recognition in respect of long term contracts. The Group follows guidance of IAS 11 for determination of contract cost and revenue recognition.

(iii) Classification of land:
Upon acquisition of land, the Group classifies the land as investment properties when the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined.

(iv) Provision for doubtful debts and inventory
The determination of the recoverability of the amount due from customers and the marketability of the inventory and the factors determining the impairment of the receivable and inventory involve significant judgment.

(v) Classification of investments
On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of profit or loss" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

(vi) Impairment of investments
The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Long term transportation contract
Revenue from long term contracts is recognized in accordance with the percentage of completion method of accounting measured by reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract. The revenue recognition as per the above criteria should correspond to the actual work completed. The determination of estimated costs and the application of percentage of completion method involve estimation. Further, the budgeted cost and revenue should consider the claims and variations pertaining to the contract.

(ii) Fair value of unquoted investments
If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(iii) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated. Estimating a value in use requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash-flows.

(iv) Provision for doubtful debts and inventory
The extent of provision for doubtful debts and inventories involves estimation process. Provision for doubtful debts is made when there is an objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventory are subject to management approval.

(v) Valuation of investment properties
The Group carries its investment properties at fair value, with change in fair values being recognized in the consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13. Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

Two main methods were used to determine the fair value of the investment properties:

(a) Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

(vi) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash in flows and the growth rate used for extrapolation purposes.

3. Cash and cash equivalent:

	2014	2013
Cash on hand	953,985	525,041
Short term bank deposit	-	750,000
Money market funds	50,239	-
	1,004,224	1,275,041

4. Accounts receivable and other debit balances

	2014	2013
Trade receivables (a)	2,487,156	2,275,373
Staff receivables	58,160	41,439
	2,545,316	2,316,812
Less: provision for doubtful debts (b)	(1,450,805)	(1,328,740)
Net trade receivables and staff receivables	1,094,511	988,072
Advance payments to suppliers	76,571	14,790
Prepaid expenses	65,077	70,793
Accrued income	-	3,119
Refundable deposits	51,300	77,194
Cheques under collection	28,900	48,900
Letters of guarantee	-	19,025
Other receivables	78,987	2,007
	1,395,346	1,223,900

(a) Trade receivables and staff receivables

Trade receivables and staff receivables are non interest bearing and are generally due within 90 days.

The aging analysis of these trade receivables and staff receivables is as follows:

	Neither past due nor imparied	Past due but not impaired			Past due and impaired	
	0 – 90 days	91 – 180 days	181 – 365 days	More than one year	More than one year	Total
2014	602,935	252,909	129,478	109,189	1,450,805	2,545,316
2013	441,720	160,052	204,650	181,650	1,328,740	2,316,812

(b) Provision for doubtful debts

The movement in the provision for doubtful debts is as follows:

	2014	2013
Balance at the beginning of the year	1,328,740	1,316,037
Charge for the year	149,301	31,800
Utilized in the year	(16,000)	-
Provision no longer required	(11,236)	(19,097)
Balance at the end of the year	1,450,805	1,328,740

(c) The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Further, the Group does not hold any collateral as security, for accounts receivable and other debit balances.

5. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	Major shareholders	Total 2014	Total 2013
Due from related parties	-	-	28,847
Due to related parties	3,705	3,705	3,705

Compensation to key management personnel:	2014	2013
Short term benefits	51,490	50,144
Terminstation benefits	4,327	4,327
Board of directors' remuneration	25,000	-
	80,817	54,471

6. Right of utilization held for trading

	2014	2013
Balance at the beginning of the year	2,750,000	2,750,000
Transferred to investment properties - Note (11)	(2,750,000)	-
Balance at end of the year	-	2,750,000

7. Inventories

	2014	2013
Raw materials-spare parts	444,575	389,842
Work in progress	61,714	44,198
	506,289	434,040
Provision for obsolete and slow moving items (a)	(66,388)	(21,067)
	439,901	412,973

(a) Provision for obsolete and slow moving items:

The movement on the provision can be presented as follows:

	2014	2013
Balance at beginning of year	21,067	21,067
Charge for the year	45,321	-
Balance at end of the year	66,388	21,067

8. Assets classified as held for sale

During the year ended December 31, 2012 The Board of Directors resolved to dispose of (Transportation sector in State of Kuwait). Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the (Transportation sector in State of Kuwait), which are expected to be sold within twelve months, have been classified as a assets held for sale and are presented separately in the consolidated statement of financial position. The proceeds of disposal are expected to fall behind the net carrying value of the relevant assets and liabilities and, accordingly provision for, impairment in value has been amounted to KD 3,062,260. The major items of assets and liabilities comprising the disposal of (Transportation sector in State of Kuwait) classified as held for sale are as follows:

	2014			
	Book Value	**Remeasurment**	**Impairment loss**	**2014**
Property, Plant & Equipment	**7,795**	**3,700**	**(4,095)**	**3,700**
Inventories	**9,353**	**-**	**(9,353)**	**-**
Total Assets classified as held for sale	**17,148**	**3,700**	**(13,448)**	**3,700**

	2013			
	Book Value	Remeasurment	Impairment loss	2013
Property, Plant & Equipment	10,975	10,975	-	10,975
Inventories	41,997	30,000	(11,997)	30,000
Total Assets classified as held for sale	52,972	40,975	(11,997)	40,975

The analysis of (loss) profit from discontinued operations in transportation segment is as follows:

	2014	2013
Revenue	-	913,519
Costs	-	(388,927)
Impairment losses	(13,448)	(11,997)
(Loss) profit for the year	(13,448)	512,595

(Loss) earnings per share attributable to shareholders of the Parent Company from discontinued operations has been computed as follows:

	2014	2013
(Loss) profit for the year from discontinued operations	(13,448)	512,595
Weighted average number of shares outstanding	163,692,769	163,692,769
	Fils	Fils
(Loss) earnings per share attributable to shareholders of the Parent Company from discontinued operations	(0.08)	3.13

9. Investments available for sale

	2014	2013
Quoted:		
Equity securities	93,233	132,123
	93,233	132,123
Unquoted:		
Equity securities	319,000	319,000
Portfolios	1,654,460	1,970,539
	1,973,460	2,289,539
	2,066,693	2,421,662

The movement during the year is as follows:

	2014	2013
Balance at the beginning of the year	2,421,662	2,118,590
Disposals	(275,397)	-
Changes in fair value	(79,572)	303,072
Balance at the end of the year	2,066,693	2,421,662

- It was not possible to reliably measure the fair value of unquoted equity securities amounting to KD 319,000 as of December 31, 2014 (2013 : KD 625,000) due to non availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses as follows:

	2014	2013
Cost	1,675,225	1,675,225
Cumulative impairment losses	(1,356,225)	(1,356,225)
	319,000	319,000

Investments available for sale are denominated in the following currencies:

	2014	2013
Kuwaiti Dinar	412,233	451,123
Omani Riyal	1,348,460	1,664,539
Egyptian Pound	306,000	306,000
	2,066,693	2,421,662

10. Investment in associates

The investment in associates consists of the following:

Name of the associates	Country of incorporation	Principal activities	Percentage of ownership 2014	Percentage of ownership 2013	Amount 2014	Amount 2013
a- Oman Integral Logistics Co. - O.S.C.C.	Sultanate of Oman	Logistic services	50%	50%	3,162,560	2,246,115
b- Inshaa Holding Co. - K.S.C. (Holding)	State of Kuwait	Industrial activity	25.03%	20.32%	2,748,770	1,973,739
					5,911,330	4,219,854

The movement during the year is as follows:

	2014	2013
Balance at the beginning of the year	4,219,854	3,234,666
Group's share of capital increase in associate	-	727,796
Additions (a)	282,594	-
Disposal of associates	-	(91,754)
Cash dividend received from associates	(298,413)	
Group's share of results from associates	1,411,644	338,343
Group's share of other comprehensive income from associates	11,372	920
Gain from bargain purchase	192,165	-
Foreign exchange difference	92,114	9,883
Balance at the end of the year	5,911,330	4,219,854

(a) During the financial year ended December 31, 2014, the Parent Company acquired 4.71% as additional percentage of investment in associate, Inshaa Holding Co. – K.S.C. (Holding) which resulted in increase of Group's ownership interest in associate Inshaa Holding Co. K.S.C. (Holding) from 20.32% to 25.03%.

The details of acquisition are as follows:

	Amount
Consideration paid	282,594
Less: Fair value of net assets and liabilities and contingent liabilities as of acquisition date	(474,759)
Gain from bargain purchase	(192,165)

(b) Summarized financial statement of associate are as follows:

Summarized statement of financial position:

	Oman Integral Logistics Co. – O.S.C.C		Inshaa Holding Co. – K.S.C. (Holding)		Total	
	2014	2013	**2014**	2013	**2014**	2013
Assets:						
Cash and cash equivalents	**1,485,733**	1,215,082	**3,429,591**	3,052,106	**4,915,324**	4,267,188
Time deposit	**-**	-	**428,448**	1,018,000	**428,448**	1,018,000
Other current assets	**1,179,740**	538,479	**4,499,313**	2,455,038	**5,679,053**	2,993,517
Total current assets	**2,665,473**	1,753,561	**8,357,352**	6,525,144	**11,022,825**	8,278,705
Non-current assets	**6,334,237**	4,835,451	**10,363,880**	7,686,494	**16,698,117**	12,521,945
Total assets	**8,999,710**	6,589,012	**18,721,232**	14,211,638	**27,720,942**	20,800,650
Liabilities:						
Financial liabilities	**365,698**	264,220	**914,254**	630,923	**1,279,952**	895,143
Other current liabilities	**1,229,707**	532,192	**2,211,940**	1,177,957	**3,441,647**	1,710,149
Total current liabilities	**1,595,405**	796,412	**3,126,194**	1,808,880	**4,721,599**	2,605,292
Non-current liabilities	**1,222,677**	1,526,014	**1,291,042**	646,278	**2,513,719**	2,172,292
Non-controlling interests	**82,152**	-	**3,321,222**	2,042,288	**3,403,374**	2,042,288
Total liabilities	**2,900,234**	2,322,426	**7,738,458**	4,497,446	**10,638,692**	6,819,872
Net assets	**6,099,476**	4,266,586	**10,982,774**	9,714,192	**17,082,250**	13,980,778
Share in associate's net assets	**3,049,738**	2,133,293	**2,748,770**	1,973,739	**5,798,508**	4,107,032
Goodwill related to investment in associate	**112,822**	112,822	**-**	-	**112,822**	112,822
Carrying value of investment in associate	**3,162,560**	2,246,115	**2,748,770**	1,973,739	**5,911,330**	4,219,854

Summarized Statement of profit or loss and other comprehensive income:

	Oman Integral Logistics Co. – O.S.C.C		Inshaa Holding Co. – K.S.C. (Holding)		Total	
	2014	2013	2014	2013	2014	2013
Revenue	7,307,942	2,219,706	12,805,473	8,117,225	20,113,415	10,336,931
Operating expenses	(5,305,708)	(1,980,800)	(10,610,182)	(6,868,873)	(15,915,890)	(8,849,673)
Share of results from associates	-	72,659	451,319	146,786	451,319	219,445
Murabaha profits	-	-	39,210	14,411	39,210	14,411
Finance charges	(35,363)	-	(70,160)	(57,690)	(105,523)	(57,690)
Non-controlling interests	(46,470)	-	(811,910)	(453,345)	(858,380)	(453,345)
Net profit	1,920,401	311,565	1,803,750	898,514	3,724,151	1,210,079
Total comprehensive income	-	-	45,278	4,522	45,278	4,522
Share of associate's results	960,201	155,782	451,443	182,561	1,411,644	338,343
Share of associate's other comprehensive income	-	-	11,372	920	11,372	920
Dividend received from associates	135,868	-	162,545	-	298,413	-

11. Investment properties

	2014	2013
At December 31	**2,878,879**	2,638,112
Additions	**2,510,305**	520,939
Transferred from right of utilization held for trading – Note (6)	**2,750,000**	-
Change in fair value	**473,832**	(18,779)
Foreign currency translation adjustment	**23,356**	(261,393)
At December 31	**8,636,372**	2,878,879

- During the year ended December 31, 2014, the Group had signed agreement with the third party for right of utilization against monthly rent and hence the right of utilization had been reclassified to investment properties.
- As of December 31, 2014, certain investment property of carrying value amounting to KD 3,250,000 (2013: KD 2,750,000) are pledged to local banks against finance contract installment as stated in Note (13).
- Management of the Group has complied with Capital Market Authority decision dated July 23, 2012 with respect to guidelines for valuation of investment properties.
- The fair value of the investment property has been determined based on a valuation by independent valuers.

In estimating the fair value of investment properties, the Group had used the valuation techniques listed in the following schedule, and had considered the nature and usage of the investment properties.

Class of investment property	Valuation technique	Level 2	Level 3
Commercial complexes	Market sales comparison	2,886,372	-
Commercial complexes	Discount cash flow method	-	2,500,000
Open land	Market sales comparison	3,250,000	-
Total		6,136,372	2,500,000

There were no transfers between the levels during the year.

12. Property, plant and equipment

	Buildings	Lands	Tools	Machinery and equipment	Transpiration vehicles	Furniture and decoration	Total
Cost :							
At December 31, 2013	662,268	693,000	292,994	3,141,200	30,875	29,604	4,849,941
Additions	-	-	2,581	6,668	-	-	9,249
At December 31, 2014	**662,268**	**693,000**	**295,575**	**3,147,868**	**30,875**	**29,604**	**4,859,190**
Accumulated depreciation :							
At December 31, 2013	63,195	-	167,779	1,803,521	24,335	21,611	2,080,441
Charge for the year	33,001	-	47,506	248,105	2,357	6,004	336,973
At December 31, 2014	**96,196**	**-**	**215,285**	**2,051,626**	**26,692**	**27,615**	**2,417,414**
Net book value :							
At December 31, 2014	**566,072**	**693,000**	**80,290**	**1,096,242**	**4,183**	**1,989**	**2,441,776**
At December 31, 2013	599,073	693,000	125,215	1,337,679	6,540	7,993	2,769,500

Depreciation charge has been allocated as follows:

	2014	2013
Consolidated statement of profit or loss	**53,840**	52,979
Transportation, leasing and maintenance division	**283,133**	434,566
	336,973	487,545

- The Group's buildings are constructed on lands leased from state located in Amghara, plot (166) and the Group has built a factory on the land for manufacturing vehicles spare parts.
- The fair value of lands as of December 31,2014 amounted to KD 1,300,000 (2013 – KD 800,000).

13. Short term finance contract installment

This item represent finance contract installments as follows:

	2014	2013
Gross amount of finance contract installments	1,848,108	1,848,108
Less: unamortized future finance charges	(33,543)	(28,121)
	1,814,565	1,819,987

- The Parent Company has renewed the finance lease contract with a local bank for purchasing a right of utilization located in Shuwaikh Industrial Area Plot (D), Buildings (1/2/3), to be paid in one installment on April 30, 2015 with a promise to buy upon completing all contractual payments. Those leased assets are pledged in favor of the bank for the settlement of those contractual payments (Note11).

14. Accounts payable and other credit balances

	2014	2013
Trade payables (a)	388,440	270,269
Other payables	39,295	39,730
Staff payables	2,602	613
Dividends payable	61,997	64,281
Accrued expenses	106,569	62,035
Advance payments from customers	112,632	12,656
Deposits for others	10,508	15,423
Accrued staff leave	123,504	100,022
KFAS payable	12,488	5,968
Zakat payable	15,186	5,052
NLST payable	52,316	17,194
Board of directors' remuneration	25,000	-
	950,537	593,243

(a) Trade payables are non interest bearing and are normally settled on overage period of 90 days.

15. Provision for end of service indemnity

	2014	2013
Balance at beginning of the year	217,544	465,129
Charge for the year	52,299	18,727
Paid during the year	(16,247)	(198,679)
Provision no longer required	-	(67,633)
Balance at end of the year	253,596	217,544

16. Capital

The Parent Company's authorized and issued capital is determined by the amount of KD 16,369,277 distributed over 163,692,769 shares of (100) fils each and all shares are cash and in-kind (2013 – KD 16,369,277 distributed over 163,692,277 shares of (100) fils each and all shares are cash and in-kind).

17. Statutory reserve

As required by the Commercial Companies Law and the Parent Company's Articles of Incorporation, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST) contribution to Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Incorporation.

18. Voluntary reserve

As required by the Parent Company's Articles of Incorporation, a percentage of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST), contribution to Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. No transfer was made to the voluntary reserve since the Board of directors did not propose any percentage to be transferred to voluntary reserve.

19. General and administrative expenses

	2014	2013
Staff cost	481,251	439,320
Other expenses	197,902	210,757
	679,153	650,077

20. Other income

	2014	2013
Credit balances written – off	-	126,516
Others	27,929	36,316
	27,929	162,832

21. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company before contribution to Kuwait Foundation for Advancement of Science (KFAS), contribution to National Labour Support Tax (NLST), Zakat and Board of Director's remuneration after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve.

22. National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the profit of the Parent Company before contribution to Kuwait Foundation for Advancement of Science (KFAS), contribution to National Labour Support Tax (NLST), Zakat and Board of Director's remuneration after deducting its share of profit from listed associates & un-consolidated subsidiaries subject to the same law, also its share of NLST paid by listed subsidiaries subject to the same law and cash dividends received from listed companies subject to the same law in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 for year 2006 and their executive regulations.

23. Contribution to Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company before contribution to Kuwait Foundation for Advancement of Science (KFAS), National Labour Support Tax (NLST), contribution to Zakat and Board of Director's remuneration after deducting its share of profit from Kuwaiti shareholding associates & un-consolidated subsidiaries subject to the same law, also its share of Zakat paid by Kuwaiti shareholding subsidiaries subject to the same law and cash dividends received from Kuwaiti shareholding companies in accordance with law No. 46 for year 2006 and Ministerial resolution No. 58 for year 2007 and their executive regulations.

24. Board of Directors' remuneration

The Board of Directors has proposed an amount of KD 25,000 as remuneration to board members for the fiscal year ended December 31, 2014. This remuneration is subject to the approval of shareholders' Ordinary General Assembly.

25. Earnings per share (fils)

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings (loss) per share based on the weighted average number of shares outstanding during the year is as follows:

	2014	2013
Net profit for the year attributable to equity holders of the Parent Company from continuing operations	1,797,643	126,403
Net (loss) profit for the year attributable to equity holders of parent company from discontinued operations	(13,448)	512,595
Total net profit for the year	1,784,195	638,998
Number of shares outstanding:		
Number of issued shares at beginning of the year	163,692,769	163,692,769
Weighted average number of shares outstanding	163,692,769	163,692,769
	Fils	Fils
Basic earnings per share for continuing operations	10.98	0.77
Basic (loss) earnings per share for discontinued operations	(0.08)	3.13
Total basic earnings per share	10.90	3.90

26. Cash dividends

The Board of Directors' meeting held on February 12, 2015 recommend cash dividends of 5 fils per share for the year ended December 31, 2014. This recommendation is subject to the approval of the Ordinary Shareholders' Annual General Assembly.

The Shareholders' Annual General Assembly meeting held on March 30, 2014 had approved the consolidated financial statements for the year ended December 31, 2013 and the Board of Directors' proposal not to distribute cash dividends for the year ended December 31, 2013.

27. Segment information

The Group's activities represent mainly three segments; transportation and leasing segment, investment segment, and vehicles body manufacturing segment. For the purposes of segment information, the management Group classified its activities as follows:

- Transportation, leasing and maintenance segment: represent goods transport, lease and charter means of transportation and maintenance other vehicles
- Vehicles body manufacturing segment: represent vehicles' body manufacturing, importing, marketing and exporting.
- Investment segment : represent investments available for sale and investment properties .

A. **Segment analysis by activities:**

There are transactions between segments. These segments represent the basis which the Group presents its main operations, which are as follows:

2014

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenue	1,053,185	1,220,033	2,639,276	4,912,494
Total costs	(962,675)	(1,279,824)	(883,627)	(3,126,126)
Net profit (loss) for the year	90,510	(59,791)	1,755,649	1,786,368

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	2,287,974	2,149,364	26,591,645	(9,038,636)	21,990,347
Segment liabilities	951,457	668,380	6,256,465	(4,853,899)	3,022,403

2013

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenue	3,461,135	436,804	77,296	3,975,235
Total costs	(2,810,245)	(493,064)	(35,000)	(3,338,309)
Net profit (loss) for the year	650,890	(56,260)	42,296	636,926

	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Eliminations	Total
Segment assets	24,297,980	1,937,415	3,008,997	(9,381,756)	19,862,636
Segment liabilities	5,128,126	396,640	2,889,844	(5,780,131)	2,634,479

B. **Geographical segments:**

The Group operated inside and outside Kuwait (Republic of Sudan and Arab Republic of Egypt) as follows :

2014

	Inside Kuwait	Outside Kuwait	Eliminations	Total
Total revenue	4,774,528	137,966	-	4,912,494
Total costs	(3,050,209)	(75,917)	-	(3,126,126)
Net profit for the year	1,724,319	62,049	-	1,786,368
Segment Assets	27,791,376	3,237,607	(9,038,636)	21,990,347
Segment liabilities	4,180,065	3,696,237	(4,853,899)	3,022,403

	2013			
	Inside Kuwait	Outside Kuwait	Eliminations	Total
Total revenue	2,952,565	1,022,670	-	3,975,235
Total costs	(2,471,088)	(867,221)	-	(3,338,309)
Net profit for the year	481,477	155,449	-	636,926
Segment Assets	26,087,451	3,156,941	(9,381,756)	19,862,636
Segment liabilities	4,257,180	4,157,430	(5,780,131)	2,634,479

28. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalent, accounts receivable, investments, short term finance contracts installments, payables and due to related party and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Interest rate risk
Financial instruments are subject to the risk of changes in value due to changes in the level of interest for its financial assets liabilities carrying floating interest rates. The effective interest rates and the periods in which interest bearing financial assets and liabilities are reprised or mature are indicated in the respective notes.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalent, investment deposit and accounts receivable. The Group's cash at banks are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables and due from related parties.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between foreign currencies and Kuwaiti Dinar.

Foreign currency	Increase / (decrease) against KD	Effect on consolidated statement of profit or loss 2014	Effect on consolidated statement of profit or loss 2013
US Dollar	±5%	±5,857	±5,643
Egyptian Pound	±5%	±9,121	±5,958
AED	±5%	-	±23,715
Sudanese Pound	±5%	±37,910	±37,910

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reverse, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

Maturity Table for financial liabilities

	2014	
	3-12 months	**Total**
Short term finance contracts installments	**1,814,565**	**1,814,565**
Accounts payable and other credit balances	**950,537**	**950,537**
Due to related party	**3,705**	**3,705**
Total	**2,768,807**	**2,768,807**

	2013	
	3-12 months	Total
Short-term finance contracts installments	1,819,987	1,819,987
Accounts payable and other credit balances	593,243	593,243
Due to related party	3,705	3,705
Total	2,416,935	2,416,935

Equity price risk

Equity price risk is the risk that fair values of equities instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group investment in equity securities classified as available for sale. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments to which the Group had significant exposure as of the reporting date:

	2014	
Market Indices	**Change in equity instruments price %**	**Effect on consolidated statement of profit or loss and other comprehensive income**
KSE	**±5%**	**±4,662**

	2013	
Market Indices	Change in equity instruments price %	Effect on consolidated statement of profit or loss and other comprehensive income
KSE	±5%	±6,606

Fair value measurement

The Group measures financial assets such as investments available for sale and non-financial assets such as investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	2014		
	Level 1	**Level 2**	**Total**
Investments available for sale	93,233	1,654,460	1,747,693
Total	93,233	1,654,460	1,747,693

	2013		
	Level 1	Level 2	Total
Investments available for sale	132,123	1,664,539	1,796,662
Total	132,123	1,664,539	1,796,662

At December 31, the fair values of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost as indicated in Note (9). The management of the Group has assessed that fair value of cash and cash equivalents, time deposits, accounts receivable, short-term loans and accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year there were no transfers between Level 1, Level 2 and Level 3.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value details of investment properties are mentioned in Note (11).

29. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group 's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital. In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2014	2013
Short term finance contracts installments	1,814,565	1,819,987
Less : cash and cash equivalent	(1,004,224)	(1,275,041)
Investment deposits	-	(1,750,000)
Net debt	810,341	(1,205,054)
Total equity	18,967,944	17,228,157
Total capital resources	19,778,285	16,023,103
Gearing Ratio	4.10%	(7.52%)

30. Contingent and commitment liabilities

Contingencies:

At December 31 the Group is contingently liable respect of the following:

	2014	2013
Letters of guarantee	-	55,950
Total	-	55,950

Contingent commitment liabilities arising from the Group's interest in associate is as follows:

	2014	2013
Letters of guarantee	85,226	63,647
Total	85,226	63,647

31. Legal cases

There are contingent liabilities and commitments relating to legal cases from the Group against others and from others against the Group which are still pending in the court which are not yet decided till the date of the accompanying consolidated statement of financial position as estimated by the management there is no material effect on accompanying consolidated statement of financial position and hence, no provisions were recorded in the Group's records as of the reporting date.

32. Subsequent event

Subsequent to the date of consolidated financial statements, the Group obtained information from portfolio manager that an amount of US$ 9,096,069 equivalent to KD 2,667,878 will be transferred to Parent Company's bank account for an investment which was fully impaired in prior years.