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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH
INDEPENDENT AUDITORS' REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
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 of December 31, 2015, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the fiscal year then ended and a summary of significant accounting policies and other explanatory information.

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 consolidated financial statements that are free from 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 about 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 the Group as of December 31, 2015, and of its financial performance and its cash flows for the fiscal 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, its amendments, its executive regulations, the Parent Company's Articles of Incorporation and Memorandum of Association, 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 fiscal year ended December 31, 2015 of either the Companies Law No. 25 of 2012, its amendments, its Executive regulations of the Parent Company's Articles of Incorporation and Memorandum of Association which might have materially affected the Group's financial position or results of its operations.

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State of Kuwait
February 4, 2016

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2015	2014
Current assets:			
Cash and cash equivalents	3	2,288,158	1,004,224
Investment Deposit	4	1,005,734	-
Accounts receivable and other debit balances	5	875,665	1,395,346
Inventories	6	503,903	439,901
		4,673,460	2,839,471
Assets classified as held for sale		-	3,700
Total current assets		4,673,460	2,843,171
Non-current assets:			
Financial assets available for sale	8	1,400,755	2,066,693
Investment in associates	9	6,453,830	5,911,330
Investment properties	10	10,689,150	8,636,372
Property, plant and equipment	11	1,668,873	2,441,776
Goodwill		91,005	91,005
Total non-current assets		20,303,613	19,147,176
Total assets		24,977,073	21,990,347
LIABILITIES AND EQUITY			
Current liabilities:			
Finance lease payables	12	1,915,814	1,814,565
Accounts payable and other credit balances	13	971,658	950,537
Due to related party	14	700	3,705
Total current liabilities		2,888,172	2,768,807
Non-current liabilities			
Finance lease payables	12	1,617,419	-
Provision for end of service indemnity	15	298,240	253,596
Total non-current liabilities		1,915,659	253,596
Total liabilities		4,803,831	3,022,403
Equity:			
Share capital	16	16,369,277	16,369,277
Statutory reserve	17	448,224	255,640
Treasury shares reserve		84,388	84,388
Cumulative changes in fair value		1,567	222,348
Effect of changes in ownership interest of a subsidiary		1,588	1,588
Effect of changes in other comprehensive income of associates		11,106	(3,545)
Foreign currency translation reserve		235,905	(202,475)
Retained earnings		2,965,769	2,167,553
Equity attributable to shareholders of the Parent Company		20,117,824	18,894,774
Non - controlling interests		55,418	73,170
Total equity		20,173,242	18,967,944
Total liabilities and equity		24,977,073	21,990,347

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements

Abdullah Mohammed Al-Shatti
Chairman

MUBARRAD TRANSPORTATION CO. K.S.C. - PUBLIC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Continuing Operations:			
Sales		1,418,637	1,204,454
Cost of sales		(1,068,069)	(919,220)
Gross profit		350,568	285,234
Revenues from transportation, leasing and maintenance		1,081,191	1,031,589
Cost of transportation, leasing and maintenance		(874,286)	(884,582)
Gross profit		206,905	147,007
Rental income		812,194	391,678
Rental costs		(197,563)	(154,895)
Gross profit		614,631	236,783
Total gross profit		1,172,104	669,024
General and administrative expenses	19	(867,537)	(679,153)
Provision for doubtful debts	5	(544,636)	(149,301)
Provision for slow moving inventories	6	-	(45,321)
Provisions no long required	5,6	56,405	11,236
Depreciation	11	(52,377)	(53,840)
Operating loss		(236,041)	(247,355)
Impairment loss of financial assets available for sale		(393,583)	-
Impairment loss of property, plant and equipment	11	(588,009)	-
Gain on sale of property, plant and equipment		13,892	-
Gain on sale of investment in subsidiaries		-	12,779
Gain on sale of financial assets available for sale	8	2,686,704	34,367
Gain from bargain purchase for acquisition of an associate	9	-	192,165
Share of results from associates	9	712,053	1,411,644
Change in fair value of investment properties	10	(250,000)	473,832
Finance charges		(104,266)	(95,208)
Foreign exchange (loss) gain		(94,828)	73,711
Income from deposits		157,367	20,942
Other income	20	31,030	27,929
Profit for the year from continuing operations before discontinued operations, contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		1,934,319	1,904,806
Loss for the year from discontinued operations	7	(26,559)	(13,448)
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		1,907,760	1,891,358
Contribution to KFAS		(12,147)	(12,488)
NLST		(60,438)	(52,316)
Zakat		(18,990)	(15,186)
Board of Directors' remuneration	21	(25,000)	(25,000)
Net profit for the year		1,791,185	1,786,368
Attributable to:			
Shareholders of the Parent Company		1,809,264	1,784,195
Non - controlling interests		(18,079)	2,173
Net profit for the year		1,791,185	1,786,368
		Fils	Fils
Earnings per share attributable to Parent Company's shareholders			
Basic earnings per share	22	11.05	10.90

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Net profit for the year		1,791,185	1,786,368
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to consolidated statement of profit or loss			
Related to financial assets available for sale:			
- Change in fair value of financial assets available for sale	8	(28,102)	(79,572)
- Reversal due to sale of financial assets available for sale		-	(14,797)
- Reversal due to impairment of financial assets available for sale		(192,694)	-
Reversal due to sale of investment in subsidiaries	7	315,522	-
Share of other comprehensive income from associates	9	14,651	11,372
Exchange difference on translating foreign operations		123,200	36,416
Other comprehensive income (loss) for the year		232,577	(46,581)
Total comprehensive income for the year		2,023,762	1,739,787
Attributable to:			
Shareholders of the Parent Company		2,041,514	1,737,376
Non-controlling interests		(17,752)	2,411
Total comprehensive income for the year		2,023,762	1,739,787

The accompanying notes (1) to (29) 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, 2015
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company										
	Share Capital	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 reserve	Retained earnings	Sub total	Non – controlling interests	Total equity
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
Net profit for the year	-	-	-	-	-	-	-	1,784,195	1,784,195	2,173	1,786,368
Other comprehensive (loss) income for the year	-	-	-	(94,264)	-	11,372	36,073	-	(46,819)	238	(46,581)
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
Net income for the year	-	-	-	-	-	-	-	1,809,264	1,809,264	(18,079)	1,791,185
Other comprehensive (loss) income for the year	-	-	-	(220,781)	-	14,651	438,380	-	232,250	327	232,577
Cash dividends - Note (23)	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
Transferred to statutory reserve	-	192,584	-	-	-	-	-	(192,584)	-	-	-
Balance as of December 31, 2015	16,369,277	448,224	84,388	1,567	1,588	11,106	235,905	2,965,769	20,117,824	55,418	20,173,242

The accompanying notes (1) to (29) 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, 2015
(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Cash flows from operating activities:			
Profit for the year from continued operations before contribution to KFAS, NLST, Zakat and Board of directors' remuneration		1,934,319	1,904,806
Loss for the year from discontinued operations before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration		(26,559)	(13,448)
Adjustment for:			
Depreciation	11	269,312	336,973
Provision no longer required	5,6	(56,405)	(11,236)
Provision for doubtful debts	5	544,636	149,301
Provision for slow moving inventories		-	45,321
Impairment loss of assets classified as held for sale		-	13,448
Impairment loss of property, plant and equipment	11	588,009	-
Gain on sale of property, plant and equipment		(13,892)	-
Gain on sale of financial assets available for sale	8	(2,686,704)	(34,367)
Impairment loss of financial assets available for sale	8	393,583	-
Share of results from an associates		(712,053)	(1,411,644)
Gain from bargain purchase for acquisition of an associate		-	(192,165)
Change in fair value of investment properties		250,000	(473,832)
Finance charges		104,266	95,208
Foreign currency translation adjustments		-	(79,054)
Income from deposits		(157,367)	(20,942)
Provision for end of service indemnity	15	61,720	52,299
		492,865	360,668
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(117,396)	(309,511)
Due from related parties		-	28,847
Inventories		(63,847)	(72,249)
Accounts payable and other credit balances		(50,835)	280,518
Cash generated from operations		260,787	288,273
Payment for end of service indemnity		(17,076)	(16,247)
Payment of KFAS		(12,488)	(5,968)
Payment of NLST		(52,316)	(17,194)
Payment of Zakat		(15,186)	(5,052)
Payment of Board of Directors' remuneration		(25,000)	-
Net cash generated from operating activities		138,721	243,812
Cash flows from investing activities:			
Net (increase) decrease in investment deposit		(1,005,734)	1,750,000
Purchase of property, plant and equipment		(86,645)	(9,249)
Purchase of investment properties		(5,189,150)	(2,510,305)
Proceeds from sale of assets classified as held for sale		3,700	23,827
Proceeds from sale of property, plant and equipment		16,119	-
Proceeds from sale of investment in subsidiary		3,329,760	-
Paid for acquisition of additional investment in an associate		-	(282,594)
Cash dividend received from associate		296,264	298,413
Proceeds from sale of financial assets available for sale		2,738,263	294,967
Income from deposits received		151,940	20,942
Net cash generated from (used in) investing activities		254,517	(413,999)
Cash flows from financing activities:			
Proceed (paid) for finance lease payables		1,614,402	(100,630)
Net movement in due to related party		(7,188)	-
Dividend paid to shareholders of the Parent Company		(716,518)	-
Net cash generated from (used in) financing activities		890,696	(100,630)
Net increase (decrease) in cash and cash equivalents		1,283,934	(270,817)
Cash and cash equivalents at beginning of the year		1,004,224	1,275,041
Cash and cash equivalents at end of the year	3	2,288,158	1,004,224

The accompanying notes (1) to (29) 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 is 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 is 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.

The consolidated financial statements of the Group were authorized for issue by the Parent Company's Board of Directors on February 4, 2016. The consolidated financial statements are subject to approval by The Parent Company's shareholders's 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 of the Group have been prepared in accordance with the International Financial Reporting standards "IFRS" as 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 which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for the following materials items that are stated at their fair value.

- Financial assets available for sale
- Investment properties

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 (z).

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, 2015:

Annual Improvements to IFRS – 2010 – 2012 Cycle:

Amendments to IFRS 3 Business Combinations
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

Amendments to IFRS 8 Operating Segments
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendments to these standards which are effective for annual periods beginning on or after July 1, 2014 clarify that the determination of the accumulated depreciation or amortization under the revaluation method does not depend on the selection of the valuation technique. They also clarify that the accumulated depreciation or amortization is computed as the difference between the gross and the net carrying amounts. Consequently, when the residual value, the useful life or the depreciation or amortization method has been re-estimated before a revaluation, restatement of the accumulated depreciation or amortization is not proportionate to the change in the gross carrying amount of the asset.

Amendments to IAS 24 Related Party Disclosures
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to IFRS – 2011 – 2013 Cycle:

Amendments to IFRS 3 Business Combinations
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception only applies to the financial statements of the joint venture or the joint operation itself.

Amendments to IFRS 13 Fair Value Measurement
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarify that the portfolio exception in IFRS 13 applies to all contracts within the scope of IFRS 9 (or IAS 39, as applicable), regardless of whether they meet the definitions of financial assets or financial liabilities.

Amendments to IAS 40 Investment Property
The amendments to this standard which are effective for annual periods beginning on or after July 1, 2014 clarifies that IFRS 3, and not the description of ancillary services in IAS 40 (which differentiates between investment property and owner-occupied property (i.e., property, plant and equipment)), is used to determine if the transaction is the purchase of an asset or a business combination.

These amendments and standards do not have any material impact on the consolidated financial statements".

Standards and Interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not 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, 2018, 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 IFRS 11 – Accounting for acquisitions of interests in joint operations
The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business requiring the acquirer to apply all the principles on business combinations accounting in IFRS 3 and other IFRSs. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

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. (IASB had issued an Exposure Draft to defer the application of this amendment).

IFRS 14 – Regulatory Deferral Accounts
This standard, effective for an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous accounting standards, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

Amendments to IAS 1 – Disclosure Initiative
The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify some judgments used in the presentation of financial reports. The amendments make changes about:

- Materiality, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- Statement of financial position and statement of profit or loss and other comprehensive income, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 confirm that the exemption from preparing consolidated financial statements under IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. However, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose are to provide services and activities that are related to the investment activities of the investment entity parent. All other subsidiaries of an investment entity should be measured at fair value.

Consequential amendments have been made to IAS 28 to confirm that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity, even if the investment entity parent measures all its subsidiaries at fair value. IAS 28 has been also amended to permit an entity to retain the fair value measurement applied by an associate or joint venture that is an investment entity to its interests in subsidiaries rather than applying uniform accounting policies.

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities

Annual Improvements to IFRS – 2012 – 2014 Cycle:

Amendments to IFRS 5 – Non Current Assets Held for Sale & Discounted Operations
The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, without any time lag, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendments also explain that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution and do not meet the criteria for held for sale but is not reclassified as 'held for sale'.

Amendments to IFRS 7 – Financial Instruments: Disclosures
The amendments to this standard are effective for annual periods beginning on or after 1 January 2016. They clarify that for servicing agreements, if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context, and adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. A consequential amendment to IFRS 1 is included to give the same relief to first-time adopters. Another amendment to IFRS 7 clarifies that the additional disclosure required by the amendments to IFRS 7 is not specifically required for all interim periods, unless required by IAS 34.

Amendment to IAS 34 – Interim Financial Reporting
The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify that certain disclosures, if not included in the notes to interim financial information, may be disclosed "elsewhere in the interim financial report" (i.e. incorporated by cross-reference from the interim financial information to another part of the interim financial report (e.g. management commentary or risk report)). The interim financial report is considered incomplete if the interim financial information and any disclosure incorporated by cross-reference are not made available to users of the interim financial information on the same terms and at the same time.

These amendments and standards 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 (together the "Group"):

Name of the subsidiaries	Country of incorporation	Principal activities	Percentage of holding % 2015	Percentage of holding % 2014
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 Limited 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%
Takatof Real Estate Co. E.S.C.	Arab Republic of Egypt	Real estate	98%	-

The Parent Company established the new Subsidiary - Takatof Real Estate Co. – E.S.C. (Arab Republic of Egypt) according to Article of Association of Egyptian Shareholding Company dated October 29, 2015

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 Group considers all relevant facts and circumstances in assessing whether or not the Group'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 Group has, or does not have, the current 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.

c) Financial instruments

The Group classifies its financial instruments as " financial assets" and "financial liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Returns, 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.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, receivables, financial assets available for sale, finance lease payables, payables and due to a related party.

- **Financial assets**

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 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) Financial investments

Initial recognition and measurement

The Group classifies financial investments that fall within the scope of IAS 39 as financial assets available for sale. The classification depends on the purpose for which those assets were acquired and is determined at initial recognition by the management.

Financial assets available for sale

Financial assets 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 financial asset within 12 months from the end of the reporting period.

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

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are subsequently carried at fair value. The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset 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 financial assets available for sale are recognized in cumulative changes in fair value in other comprehensive income, except for available for sale debt instruments, where the foreign exchange differences component is recognized in the consolidated statement of profit or loss, while other fair value changes are recognized in cumulative changes in fair value in other comprehensive income.

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

When a financial asset 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
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Impairment
The Group assesses at the end of each reporting period whether there is 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 financial asset and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for financial assets 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 financial asset 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 equity instruments are not reversed through the consolidated statement of profit or loss. Impairment losses recognized for available for sale debt instruments are reversed through the consolidated statement of profit or loss if the increase in fair value can be objectively related to an event occurring after the impairment loss was previously recognized.

- Financial liabilities

c-1) Accounts payable
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.

c-2) Finance lease payables
Finance lease payables represent amounts payable on a deferred settlement basis for items 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 using effective returns method.

d) Inventories

1- Inventories are valued at the 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) Investment in 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) Business combinations and Goodwill

a) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain / loss is included in the consolidated statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39: Financial Instruments: Recognition and Measurement. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting in incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

b) 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 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) Dividend distribution to shareholders

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) Share 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.

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 shareholders.

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) 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.

t) 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.

u) 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.

v) 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.

w) 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. Translation differences on monetary items such as debt instruments classified as financial assets available for sale are included in consolidated statement of profit or loss.

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.

x) 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.

y) 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.

z) 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 financial assets
On acquisition of a financial asset, 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 financial assets.

(vi) Impairment of financial assets
The Group follows the guidance of IAS 39 to determine when an available-for-sale equity instrument 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) Fair value of unquoted financial assets
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.

(ii) 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.

(iii) 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.

(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.

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 equivalents

	2015	2014
Cash on hand and at banks	1,032,261	953,985
Short term bank deposits	1,255,897	-
Cash at an investment portfolio	-	50,239
	2,288,158	1,004,224

The effective interest rate on short term bank deposits is 0.875% (2014: Nil) per annum; these deposits have an average maturity of 90 days (2014: Nil).

4. Investment deposit:

The effective interest rate on investment deposit is 1.15% (2014: Nil) per annum. The deposit have an average maturity of 180 days (2014: Nil).

5. Accounts receivable and other debit balances

	2015	2014
Trade receivables (a)	2,518,018	2,487,156
Staff receivables (a)	50,840	58,160
	2,568,858	2,545,316
Less: provision for doubtful debts (b)	(1,936,191)	(1,450,805)
Net trade receivables and staff receivables	632,667	1,094,511
Advance payments to suppliers	81,842	76,571
Prepaid expenses	57,470	65,077
Accrued income	5,427	-
Refundable deposits	51,707	51,300
Cheques under collection	45,452	28,900
Letters of guarantee margin	1,100	-
Other receivables	-	78,987
	875,665	1,395,346

(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
2015	241,930	356,797	750	33,190	1,936,191	2,568,858
2014	602,935	252,909	129,478	109,189	1,450,805	2,545,316

(b) Provision for doubtful debts

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

	2015	2014
Balance at the beginning of the year	1,450,805	1,328,740
Charge for the year	544,636	149,301
Utilized during the year	(3,000)	(16,000)
Provision no longer required	(56,250)	(11,236)
Balance at the end of the year	1,936,191	1,450,805

(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.

6. Inventories

	2015	2014
Raw materials-spare parts	489,588	444,575
Work in progress	42,352	61,714
	531,940	506,289
Provision for obsolete and slow moving items (a)	(28,037)	(66,388)
	503,903	439,901

(a) Provision for obsolete and slow moving items:

The movement on the provision can be presented as follows:

	2015	2014
Balance at beginning of year	66,388	21,067
Charge for the year	-	45,321
Reversal during the year	(38,196)	-
Provision no longer required	(155)	-
Balance at end of the year	28,037	66,388

7. Discontinued operations

On January 22, 2015, the Parent Company signed an agreement for selling its 98% owned subsidiary Mubarrad Logistics Integrated Services Co. E.S.C.- Arab Republic for Egypt for EGP 84,000,000 (equivalent to KD 3,329,760), this transaction resulted in a loss of KD 36,132 as shown in the consolidated statement of profit or loss.

	2015	2014
Total value of sale	3,329,760	-
Less: Transfer the credit current account of the Parent Company	(2,684,730)	-
Less: Selling expenses	(173,641)	-
Net sale value	471,389	-
Disposal cost:		
Current assets	40,253	-
Non current assets	2,883,844	-
Total assets	2,924,097	-
Current Liabilities	2,732,098	-
Total liabilities	2,732,098	-
Net assets as of disposal date	191,999	-
Share of subsidiary company from foreign currency translation reserve	315,522	-
Total cost of disposal	507,521	-
Net loss from disposal	(36,132)	-

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

	2015	2014
Revenues	14,302	-
Costs	(4,729)	-
Profit for the year	9,573	-
Loss from sale	(36,132)	-
Impairment loss	-	(13,448)
Loss from discontinued operations	(26,559)	(13,448)

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

	2015	2014
Loss for the year from discontinued operations	(26,559)	(13,448)
Weighted average number of shares outstanding	163,692,769	163,692,769
	Fils	Fils
Loss per share attributable to shareholders of the Parent Company from discontinued operations	(0.16)	(0.08)

8. Financial assets available for sale

Quoted:	2015	2014
Equity securities	57,711	93,233
	57,711	93,233
Unquoted:		
Equity securities	241,001	319,000
Investment portfolios	1,102,043	1,654,460
	1,343,044	1,973,460
	1,400,755	2,066,693

The movement during the year is as follows:

	2015	2014
Balance at the beginning of the year	2,066,693	2,421,662
Disposals	(51,559)	(275,397)
Changes in fair value	(28,102)	(79,572)
Impairment loss	(393,583)	-
Reversal of cumulative changes in fair value due to impairment loss	(192,694)	-
Balance at the end of the year	1,400,755	2,066,693

- It was not possible to reliably measure the fair value of unquoted equity securities amounting to KD 241,001 as of December 31, 2015 (2014 : KD 319,000) 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:

	2015	2014
Cost	1,675,225	1,675,225
Cumulative impairment losses	(1,434,224)	(1,356,225)
	241,001	319,000

- During the year ended December 31, 2015, the Parent Company sold an investment portfolio that was fully impaired in prior years, the sale transaction resulted in a gain of USD 9,096,072 (equivalent to KD 2,686,704).

Investments available for sale are denominated in the following currencies:

	2015	2014
Kuwaiti Dinar	298,712	412,233
Omani Riyal	846,043	1,348,460
Egyptian Pound	256,000	306,000
	1,400,755	2,066,693

9. Investment in associates

The investment in associates consists of the following:

Name of the associates	Country of incorporation	Principal activities	Percentage of ownership 2015	Percentage of ownership 2014	Amount 2015	Amount 2014
a- Oman Integral Logistics Co. - O.S.C.C.	Sultanate of Oman	Logistic services	50%	50%	3,372,080	3,162,560
b- Inshaa Holding Co. - K.S.C. (Holding)	State of Kuwait	Industrial activity	25.03%	25.03%	3,081,750	2,748,770
					6,453,830	5,911,330

The movement during the year is as follows:

	2015	2014
Balance at the beginning of the year	5,911,330	4,219,854
Additions (a)	-	282,594
Cash dividend received from associates	(296,264)	(298,413)
Group's share of results from associates	712,053	1,411,644
Group's share of associates' other comprehensive income	14,651	11,372
Gain from bargain purchase (a)	-	192,165
Foreign currencies translation adjustments	112,060	92,114
Balance at the end of the year	6,453,830	5,911,330

(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 statements of associates are as follows:

Summarized statement of financial position:

	Oman Integral Logistics Co. – O.S.C.C		Inshaa Holding Co. – K.S.C. (Holding)		Total	
	2015	2014	**2015**	2014	**2015**	2014
Assets:						
Cash and cash equivalents	**640,856**	1,485,733	**3,692,251**	3,429,591	**4,333,107**	4,915,324
Time deposits	**-**	-	**843,448**	428,448	**843,448**	428,448
Other current assets	**1,295,756**	1,179,740	**4,274,158**	4,499,313	**5,569,914**	5,679,053
Total current assets	**1,936,612**	2,665,473	**8,809,857**	8,357,352	**10,746,469**	11,022,825
Non-current assets	**6,596,731**	6,334,237	**12,351,046**	10,363,880	**18,947,777**	16,698,117
Total assets	**8,533,343**	8,999,710	**21,160,903**	18,721,232	**29,694,246**	27,720,942
Liabilities:						
Financial liabilities	**379,039**	365,698	**907,810**	914,254	**1,286,849**	1,279,952
Other current liabilities	**817,549**	1,229,707	**2,599,204**	2,211,940	**3,416,753**	3,441,647
Total current liabilities	**1,196,588**	1,595,405	**3,507,014**	3,126,194	**4,703,602**	4,721,599
Non-current liabilities	**710,419**	1,222,677	**1,511,642**	1,291,042	**2,222,061**	2,513,719
Non-controlling interests	**107,820**	82,152	**3,829,043**	3,321,222	**3,936,863**	3,403,374
Total liabilities	**2,014,827**	2,900,234	**8,847,699**	7,738,458	**10,862,526**	10,638,692
Net assets	**6,518,516**	6,099,476	**12,313,204**	10,982,774	**18,831,720**	17,082,250
Share in associates' net assets	**3,259,258**	3,049,738	**3,081,750**	2,748,770	**6,341,008**	5,798,508
Goodwill related to investment in associates	**112,822**	112,822	**-**	-	**112,822**	112,822
Carrying value of investment in associates	**3,372,080**	3,162,560	**3,081,750**	2,748,770	**6,453,830**	5,911,330

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	
	2015	2014	2015	2014	2015	2014
Revenue	4,889,126	7,307,942	14,565,133	12,805,473	19,454,259	20,113,415
Operating expenses	(4,394,176)	(5,305,708)	(11,860,044)	(10,610,182)	(16,254,220)	(15,915,890)
Share of results from associates	-	-	432,221	451,319	432,221	451,319
Murabaha profits	-	-	30,247	39,210	30,247	39,210
Finance charges	(52,597)	(35,363)	(84,314)	(70,160)	(136,911)	(105,523)
Non-controlling interests	(55,353)	(46,470)	(1,011,354)	(811,910)	(1,066,707)	(858,380)
Net profit	387,000	1,920,401	2,071,889	1,803,750	2,458,889	3,724,151
Total comprehensive income	-	-	58,538	45,278	58,538	45,278
Share of associates' results	193,500	960,201	518,553	451,443	712,053	1,411,644
Share of associates' other comprehensive income	-	-	14,651	11,372	14,651	11,372
Dividend received from associates	96,040	135,868	200,224	162,545	296,264	298,413

10. Investment properties

	2015	2014
At December 31	**8,636,372**	2,878,879
Additions	**5,189,150**	2,510,305
Disposals	**(2,886,372)**	-
Transferred from right of utilization held for trading	**-**	2,750,000
Change in fair value	**(250,000)**	473,832
Foreign currencies translation adjustments	**-**	23,356
At December 31	**10,689,150**	8,636,372

- During the financial year ended December 31, 2014, the Group signed investment agreement with a party to invest the right of utilization in return for monthly rent. Hence, the right of utilization was reclassified to investment properties.
- As of December 31, 2015, certain investment properties for a carrying value of KD 8,239,150 (2014: KD 3,250,000) are pledged to a local bank and a foreign institution against a finance lease as stated in Note (12).
- Investment properties include properties amounted to KD 2,450,000 managed by a related party.
- 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	5,189,150	-
Commercial complexes	Discounted cash flows method	-	2,450,000
Vacant land	Market sales comparison	3,050,000	-
Total		8,239,150	2,450,000

There were no transfers between the levels during the year.

11. Property, plant and equipment

	Buildings	Land	Tools	Machinery and equipment	Transportation vehicles	Furniture and decoration	Total
Cost :							
At January 1, 2014	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
Additions	5,680	-	3,938	77,027	-	-	86,645
Disposals	-	-	(3,865)	(50,223)	(7,175)	-	(61,263)
At December 31, 2015	**667,948**	**693,000**	**295,648**	**3,174,672**	**23,700**	**29,604**	**4,884,572**
Accumulated depreciation and impairment loss :							
At January 1, 2014	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
Charge for the year	33,397	-	41,763	191,326	1,920	906	269,312
Related to disposals	-	-	(3,863)	(47,999)	(7,174)	-	(59,036)
At December 31, 2015	**129,593**	**-**	**253,185**	**2,194,953**	**21,438**	**28,521**	**2,627,690**
Impairment loss	-	-	-	(588,009)	-	-	(588,009)
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, 2015	**538,355**	**693,000**	**42,463**	**391,710**	**2,262**	**1,083**	**1,668,873**

Depreciation charge has been allocated as follows:

	2015	2014
Consolidated statement of profit or loss	52,377	53,840
Transportation, leasing and maintenance division	216,935	283,133
	269,312	336,973

- The Group's buildings are constructed on lands leased from the state located at Amghara, plot (166), the Group has built a factory on the land for manufacturing vehicles' spare parts.
- The fair value of the land as of December 31,2015 amounted to KD 1,350,000 (2014 – KD 1,300,000).

12. Finance lease payables

This item represents finance lease payables as follows:

	2015	2014
Gross amount of finance lease payables	4,013,860	1,848,108
Less: unamortized future finance charges	(480,627)	(33,543)
Present value of finance lease payables	3,533,233	1,814,565

Analyzed as:

	2015	2014
Current portion	1,915,814	1,814,565
Non – current portion	1,617,419	-
	3,533,233	1,814,565

The Parent Company has renewed a lease agreement with a promise to purchase with a local bank to finance the purchase of a right of utilization of an industrial plot, located at third Shuwaikh Industrial Area, Block (D), Plot No. (1/2/3), against a single rental annual payment on April 30, 2016 with a promise to purchase upon the complete settlement of the contractual payment. Those leased assets are pledged to the bank against the settlement of the contractual payments (Note 10).

The subsidiary Takatof Real Estate Co. E.S.C. entered into a finance lease agreement with a foreign financial institution to finance the purchase of land and the administrative building constructed there on the land located at New Cairo City – Block No. 211, Second Sector in Arab Republic of Egypt, against quarterly lease payments and last payment is due on November 15, 2020 with a promise to buy upon completing all contractual payments. The leased assets are pledged in favor of the institution against the settlement of the contractual rental payments (Note 10)

13. Accounts payable and other credit balances

	2015	2014
Trade payables (a)	345,141	388,440
Other payables	13,697	39,295
Staff payables	1,359	2,602
Dividends payable	101,946	61,997
Revenues received in advance	37,994	-
Accrued expenses	193,540	106,569
Advances from customers	12,120	112,632
Deposits for others	24,325	10,508
Accrued staff leave	124,961	123,504
KFAS payable	12,147	12,488
Zakat payable	18,990	15,186
NLST payable	60,438	52,316
Board of directors' remuneration	25,000	25,000
	971,658	950,537

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

14. 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 2015	Total 2014
Investment properties managed by others	2,450,000	**2,450,000**	-
Due to related parties	700	**700**	3,705

Compensation to key management personnel:	**2015**	2014
Short term benefits	**60,058**	51,490
Terminstation benefits	**5,192**	4,327
Board of directors' remuneration	**25,000**	25,000
	90,250	80,817

15. Provision for end of service indemnity

	2015	2014
Balance at beginning of the year	**253,596**	217,544
Charge for the year	**61,720**	52,299
Paid during the year	**(17,076)**	(16,247)
Balance at end of the year	**298,240**	253,596

16. Capital

The Parent Company's authorized and issued capital is determined by the amount of KD 16,369,277 distributed among 163,692,769 shares of (100) fils each (2014 – KD 16,369,277 distributed among 163,692,277 shares of (100) fils each) and all shares are cash and in-kind (Cash amounted to KD 13,096,328 and in kind amounted to KD 3,272,949).

17. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 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), 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 Association.

18. Voluntary reserve

As required by the Parent Company's Articles of Association, 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), 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

	2015	2014
Staff cost	543,359	481,251
Other expenses	324,178	197,902
	867,537	679,153

20. Other income

	2015	2014
Credit balances written – off	4,135	-
Others	26,895	27,929
	31,030	27,929

21. 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, 2015. This remuneration is subject to the approval of Parent Company shareholders' Ordinary General Assembly.

22. Earnings per share

- **Basic EPS**

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

	2015	2014
Net profit for the year attributable to equity holders of the Parent Company from continuing operations	1,835,823	1,797,643
Net loss for the year attributable to equity holders of parent company from discontinued operations	(26,559)	(13,448)
Total net profit for the year	1,809,264	1,784,195
Weighted average number of shares outstanding	163,692,769	163,692,769
	Fils	Fils
Basic earnings per share for continuing operations	11.21	10.98
Basic loss per share for discontinued operations	(0.16)	(0.08)
Total basic earnings per share	11.05	10.90

23. Annual Ordinary General Assembly of the Parent Company

The Shareholders' Annual General Assembly meeting held on March 31, 2015 approved the consolidated financial statements for the fiscal year ended December 31, 2014 and to distribute cash dividends of 5 fils per share for the fiscal year ended December 31, 2014.

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

24. Segment information

The Group has the following strategic divisions as reportable operating segments, which are summarized as follows:

Transportation, leasing and maintenance segment: represents goods transport, leasing and charter means of transportation and maintenance of others' 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 by which the Group presents its main operations, as follows:

	2015			
	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Total**
Total revenues	1,230,010	1,485,484	4,263,552	6,979,046
Total costs	(2,124,307)	(1,325,442)	(1,738,112)	(5,187,861)
Net (loss) profit for the year	(894,297)	160,042	2,525,440	1,791,185

	Transportation, leasing and maintenance segment	**Vehicles body manufacturing segment**	**Investment segment**	**Eliminations**	**Total**
Segment assets	2,531,175	2,188,381	28,783,903	(8,526,386)	24,977,073
Segment liabilities	200,240	547,355	6,093,637	(2,037,401)	4,803,831

	2014			
	Transportation, leasing and maintenance segment	Vehicles body manufacturing segment	Investment segment	Total
Total revenues	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

B. Geographical segments

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

	2015			
	Inside Kuwait	Outside Kuwait	Eliminations	Total
Total revenues	6,909,189	69,857	-	6,979,046
Total costs	(5,045,176)	(142,685)	-	(5,187,861)
Net profit (loss) for the year	1,864,013	(72,828)	-	1,791,185
Segment Assets	28,114,500	5,388,959	(8,526,386)	24,977,073
Segment liabilities	4,024,715	2,816,517	(2,037,401)	4,803,831

	2014			
	Inside Kuwait	Outside Kuwait	Eliminations	Total
Total revenues	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

25. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable, financial assets available for sale, finance lease payables, 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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit through the impact of interest rate change.

	2015		
	Increase (Decrease) in interest rate	Deposits balances on December 31 (KD)	Effect on consolidated statement of profit or loss (KD)
Short term deposits	± 0.5%	1,255,897	6,279
Investment deposit	± 0.5%	1,005,734	5,029
Total			11,308

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 equivalents, 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.

	2015	
Foreign currency	Increase / (decrease) against KD	Effect on consolidated statement of profit or loss
US Dollar	±5%	±6,070
Egyptian Pound	±5%	±160,462
Sudanese Pound	±5%	±37,910

	2014	
Foreign currency	Increase / (decrease) against KD	Effect on consolidated statement of profit or loss
US Dollar	±5%	±5,857
Egyptian Pound	±5%	±9,121
Sudanese Pound	±5%	±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

	2015		
	3-12 months	1 – 5 years	Total
Finance lease payables	1,915,814	1,617,419	3,533,233
Accounts payable and other credit balances	971,658	-	971,658
Due to related party	700	-	700
Total	2,888,172	1,617,419	4,505,591

	2014		
	3-12 months	1 – 5 years	Total
Finance lease payables	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

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:

	2015	
Market Indices	**Change in equity instruments price %**	**Effect on consolidated other comprehensive income**
KSE	**±5%**	**±2,886**

	2014	
Market Indices	Change in equity instruments price %	Effect on consolidated other comprehensive income
KSE	±5%	±4,662

26. Fair value measurement

The Group measures financial assets 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 items recorded at fair value by level of the fair value hierarchy:

	2015		
	Level 1	**Level 2**	**Total**
Financial assets available for sale	**57,711**	**1,102,043**	**1,159,754**
Total	**57,711**	**1,102,043**	**1,159,754**

	2014		
	Level 1	Level 2	Total
Financial assets available for sale	93,233	1,654,460	1,747,693
Total	93,233	1,654,460	1,747,693

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 (8). The management of the Group has assessed that fair value of its financial assets and liabilities 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 (10).

27. 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:

	2015	2014
Finance lease payables	3,533,233	1,814,565
Less : cash and cash equivalent	(2,288,158)	(1,004,224)
Investment deposits	(1,005,734)	-
Net debt	239,341	810,341
Total equity	20,173,242	18,967,944
Total capital resources	20,412,583	19,778,285
Gearing Ratio	1.17%	4.10%

28. Contingent and commitment liabilities

Contingencies:

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

	2015	2014
Letters of guarantee	1,000	-
Total	1,000	-

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

	2015	2014
Letters of guarantee	81,847	85,226
Total	81,847	85,226

29. Legal cases

The group has legal claims represented in legal suits raised against the Group from others and by the Group against others, for whom the outcome cannot be anticipated till a final ruling is issued. In the opinion of the Group's management there will be no negative impact from those legal claims on the consolidated financial statements. Hence, no provisions were recorded by the Group as of the reporting date.