His Highness Sheikh

Sabah Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait

(Humanitarian Leader)

His Highness Sheikh

Nawaf Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

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Board of Directors

Sheikh / Talal Al-Khaled Al-Ahmad Al-Sabah
Deputy Chairman

Eng. Abdulhussain S. Al-Sultan
Chairman

Saleh K. Al-Temimi
Board Member

Mohammad E. Al-Khateeb
Board Member

Dr. Mahdi M. Haidar
Board Member

Eng. Jamal A. Jaafar
Board Member

Ali A. Al-Baghli
Board Member

Dr. Ali H. Abdullah
Board Member

Fadel M. Al-Saraf
Board Member

Executive Management

Eng. Adel Mohammed Al-Awadi
CEO

Mohammad Eqab Al-Khateeb
Board Consultant For HR & Admin

Tareq Al-Ajlan
Operations Manager

Eng. Muhammed A. Al-Ebrahim
HSEQ Manager

Sanjay B. Tari
Finance Manager

Mohammad Al-Khareji
Support Services Manager

Eng. Ashrf Ali
Project Manager

Board Report

Eng. Abdulhussain S. Al-Sultan
Chairman

Dear Shareholders,

On my behalf and on behalf of my fellow board members, I am pleased to welcome you to the 11th General Assembly meeting of Oula Fuel Marketing Company in which we will discuss the company's Financial Statements and Financial Report for the period that ended on **December 31, 2015.**

Development of Stations in 2015:

Established ten years ago, this company has been keen on raising the efficiency of its services and applying its strategy that aims to raise its productivity and profitability. A range of stations was re-opened after being fully developed in 2015. This is part of the Company's plan to develop all its facilities. That plan was launched two years ago. Two stations in Khalidiya and Bayan have been fully developed.

Four new automatic car wash facilities were opened (in accordance with the highest international standards) in Mubarak Al-Kabeer, Al-Maseelah, Bayan, and Khalidiya. Moreover, Qurtuba car wash facility was fully renovated.

Other Services and Environmental Safety:

The Company still pursues its plan to expand its services. Mini-market centres and car service facilities were introduced in four stations. Moreover, we continued our strategy which is based on changing the pricing of investment areas (both new and those with expired contracts). That resulted in direct benefits and yielded higher profits for the Company.

Anxious to provide and develop outstanding services to its customers, the Company signed a cooperation agreement with one of the electronic payment networks to enable customers to recharge their Oula Cards using devices scattered throughout Kuwait (in cooperative societies, groceries and phone shops).

The Company also has a fast, safe and user-friendly smart phone application. It provides customers with convenience and comfort. Thanks to this cooperation our customers can re-charge their Fuel Cards anywhere and at any time. Furthermore, such cards can be recharged via the Company's website.

We continue to pursue our approach aimed at the application of environmental safety requirements and quality control at petrol stations and the Head Office. We are keen on expanding the use of solar energy and providing intensified training programmes on the principles of safety and environmental programmes, first aid, let alone the field inspection visits conducted by the key management staff to ensure the application of the environmental safety conditions and quality control in the stations.

Challenges in 2015

In 2015 the Company encountered a range of challenges, most notably in terms of investments. We suffered from red tape in the issuance of licences because of the very slow official paperwork cycle, which is one of the main obstacles facing the performance in general terms. Getting a single licence for a facility may take an entire year! Of course, this affects our investments and hinders our expansion strategy. Another challenge is the sale of diesel at two prices. That caused our company a loss of KD 855,000 in 2015. Subsidies were no longer given to diesel and kerosene producers. That made the Company lose a lot of customers, especially we have to sell at two prices. This poses a real problem and opens the door for black market and manipulation of diesel prices.Kindly be noted that we are still waiting for reconsideration of the decision of the Municipal Council regarding the classification of stations in order to expand our business investment in stations so as to increase the number of permitted activities in stations.

In 2015 we encountered many challenges which we hope to overcome in 2016 so that our Company can maintain its pioneering position in which we and you take pride. Please, rest assured that we are continuing our expansion and the development of our stations in accordance with the international quality standards so that we can meet your expectations.

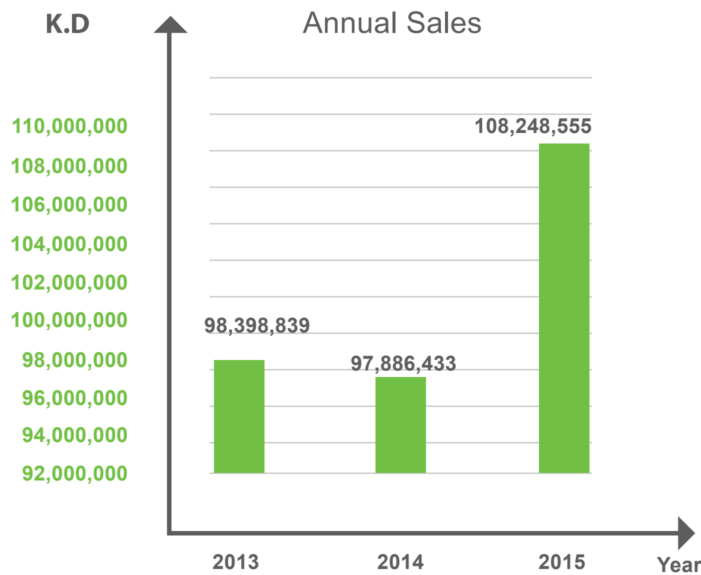
Future Strategy:

The Company strategically tends to make value-added contributions to its assets by maximizing the development of the value of such assets and the rights of Shareholders thereto. The Company is keen on following the highest standards of safety and quality control. That's why we will continue to invest in infrastructure in line with the application of modernization and development of the stations plan. Therefore, these investments will be transferred using the Company's funds. In addition, available financial instruments will be used. This matter will be presented to you in accordance with the requirements of the activities.

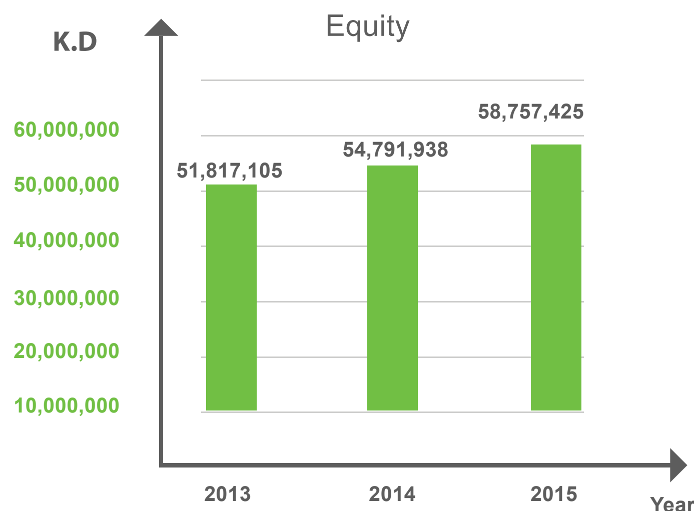
Therefore, we are keen to meet all the requirements of the Company's corporate governance as that will help to protect small investors and will enhance the Company's performance.

Financial Results:

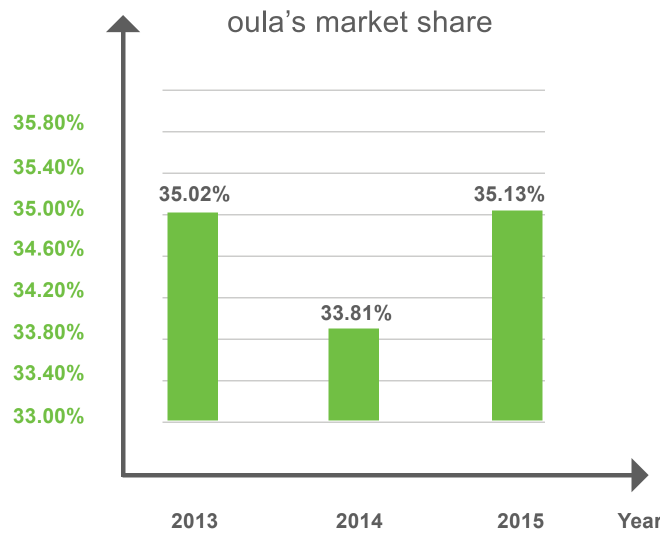
In 2015, the total fuel income was KD 108.25 M - an increase of 10.6% compared to 2014. However, part of this increase can be attributed to the increase in diesel and kerosene prices witnessed by the year 2015. The diesel and kerosene profit margin was less than that of the year 2014. Which reduced profits by approx. KD 0.855 M.



In spite of the low profit margin of diesel and kerosene sales, Oula managed to acheive a net profit of KD 4.008 M - almost as 2014 - due to the Company's effective expenditure management efforts in increasing the target income resulting from other investments.



In 2015, the Company renewed two facilities and untends to develop its facilities within the next five years. As you know, continuous renewal increases depreciation expenses and makes profits decline.
This would in return cause a decrease in thge profits acheifed due to the continuous renewal expenses.



Dears, in accordance to what has been mentioned earlier, the board members recommends to your respectful assembly to distribute 5% (5 fils for each share) to the registered shareholders on the date of this general assembly, and raise this recommendation to your general assembly for approval.

At the end, I would like to take this opportunity to express my deep gratitude to all board members, board of directors, public and private bodies for their fruitful cooperation and continuous support to our company.

I would like also to thank you for the ongoing support provided to your company which reflects the huge amount of faith you have in it.

And ask Allah to preserve Kuwait and its people from all harm under the leadership of His Highness, the Emir, Sheikh Sabah Al-Ahmad Al-Jaber Al -Sabah, His Highness the Crown Prince, Sheikh Nawaf Al-Ahmad Al-Jaber Al -Sabah and Prime Minister Sheikh Jaber Mubarak Al- Hamad Al-Sabah.

may Allah protect and save them all.

Eng. Abdulhussain S. Al-Sultan
Chairman

Achievements 2015

1. Two petrol stations (Bayan and Khalidiya) were re-opened after being fully developed and transformed into model stations that include various services: (Central Market - Automatic Car Wash - Auto Service Center).

2. New automatic car wash facilities were opened in 4 stations Mubarak al-Kabir, Al-Maseelah, Bayan, and Khalidiya.

3. All devices and equipment in all stations were modernized and developed to keep pace with modern technology.

4. A new quality assurance department in fuel stations was introduced.

5. Qurtubah car wash facility was fully developed.

6 Sales of Oula Cards increased by 30.5% compared with last year.

7 Oula Cards can be recharged through approximately 3,600 sale points and smart phones applications.

8 Oula Cards now can be used in automatic car wash facilities.

9 Over 166 employees of the stations (station managers - investors) received training programmes in safety and environmental principles at petrol stations and first-aid and medical emergencies programmes.

10 The G2 Vapour Recovery system was installed in six stations.

11 We cooperated with Ooredoo Telecom in the points electronic redemption programme.

12 More than 120 field visits were made by our head administration staff to ensure the implementation of safety and environmental conditions and quality control in our stations.

13 Our staff's skills were enhanced through intensified courses on operating management, security, safety, and customer service.

14 Several training courses in various areas were provided to raise the efficiency of the staff.

Social Responsibilities:

Based on its constant desire and pioneering social role and in affirmation of the importance of the contributions of the private sector, Oula Fuel Company has sponsored many activities and events:

1. Gold sponsored of the Popular Tradition Festival in 2015 under the auspices of His Highness the Amir Sheikh / Sabah Al-Ahmad Al-Jaber Al-Sabah.
2. Maintained Kuwaitization ratio in supervisory occupations (up to 100%).
3. Sponsor of the Environmental Campaign in collaboration with the Environment Public Authority.
4. Co-sponsor of (Kuwait Automobile 2015) exhibition held in Complex 360.
5. Co-sponsor of Qarar's conference 'Towards a Better Future for Work in the Public and Private Sectors'.
6. Participated in the Blood Donation Campaign in coordination with SSIO.

Participation in the campaign of the Rationalization of the Elctricity and Water

Participation in the conference of the dicission toward better future-Engineers without borders

Oula Local Fuel Marketing Company K.S.C

And its subsidiary

State of Kuwait

For the year ended December 31,2015

Consolidated Financial Statements And Independent Auditors Report

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UNDERTAKING

Responsibilities in respect to the Consolidated Financial Statements and Management Discussion and Analysis of Financial Performance

We confirm that to the best of our knowledge:

a) the consolidated financial statements, prepared in accordance with international Financial Reporting Standards, give a true fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole;

b) the management report, or ‘Management Discussion and Analysis of Financial Performance & Results of Operations’, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;

c) the highest level of conduct is carried out in duties and responsibilities in the best interests of the Company and to ensure true and fair view of the financial statements.

d) the material information is disclosed appropriately to ensure true and fair view of the financial.

statements. Information is considered material if:
(i) such information results in,or would reasonably be expected to result in, a significant change in the market price or value of our shares; or

(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or

(iii) if it would significantly alter the total mix of information available to investors.

20th March, 2016.

Eng. Abdulhussain S. Al-Sultan
Chairman

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OULA FUEL MARKETING COMPANY K.S.C.P.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oula Fuel Marketing Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively the "Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management of the Parent Company 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 the Group's 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 at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Independent auditors' report to the shareholders of oula fuel marketing company K.S.C.P. (continued)

Report on other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, its Executive Regulations and by the Parent Company's Memorandum and Articles of Association, as amended, that physical count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, its Executive Regulations nor of the Parent Company's Memorandum and Articles of Association, as amended have occurred during the year ended 31 December 2015 that might have had a material effect on the business or the financial position of the Group.

WALEED A. AL OSAIMI	**QAIS M. AL NISF**
LICENCE NO. 68 "A"	LICENCE NO. 38 "A"
EY	BDO
AL AIBAN, AL OSAIMI & PARTNERS	AL NISF & PARTNERS

Kuwait 2016

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 31 December 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Intangible assets	5	1,335,136	1,399,558
Leasehold rights	6	16,207,298	17,060,314
Investment in associates	7	7,945,863	-
Property and equipment	8	12,486,770	9,916,403
Financial assets available for sale	9	32,731,222	16,420,257
		70,706,289	44,796,532
Current assets			
Inventories		353,320	300,426
Accounts receivable and prepayements	10	2,971,248	11,594,711
Term deposits	11	6,456,780	7,653,262
Cash and cash equivalents	12	2,154,036	10,194,961
		11,935,384	29,743,360
TOTAL ASSETS		82,641,673	74,539,892
EQUITY AND LIABILITIES			
Equity			
Share capital	13	40,456,810	38,166,802
Treasury shares	14	(1,458,518)	(1,458,518)
Treasury shares reserve		86,127	86,127
Statutory reserve	15	4,062,327	3,637,556
Voluntary reserve	16	4,062,327	3,637,556
Cumulative change in fair value		643,496	686,393
Retained earnings		10,904,856	10,036,022
Total equity		58,757,425	54,791,938
Liabilities			
Non current liabilities			
Employees' end of service benefits		395,946	286,922
Bank loans	17	9,326,667	6,000,000
		9,722,613	6,286,922

Current liabilities			
Accounts payable and accruals	18	3,121,091	3,366,594
Bank loans	17	2,600,000	2,600,000
Due to related parties	19	8,440,544	7,494,438
		14,161,635	13,461,032
Total liabilities		23,884,248	19,747,954
TOTAL EQUITY AND LIABILITIES		82,641,673	74,539,892

The notes on pages 25 to 53 form an integral part of these consolidated financial statements.

Abdul Hussain S. Al Sultan
Chairman

Adel Mohammed Al-Awdi
Chief Executive officer

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

CONSOLIDATED STATEMENTS OF INCOME
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Sales		108,248,555	97,886,433
Cost of sales	19	(95,248,039)	(85,356,969)
Operating expenses		(7,938,357)	(7,049,937)
Gross profit		5,062,159	5,479,527
Realised (loss)/ gain on sale of financial assets available for sale		(25,798)	632,150
Dividends income		396,563	633,873
Gain on reclassification of financial assets available for sale investments into investment in an associates	7	162,389	-
Interest income		111,320	123,196
Other income		1,808,137	1,387,512
Impairment losses on financial assets available for sale	9	(171,116)	(763,179)
Provision for impairment of receivables	10 & 22	(300,000)	(641,949)
Finance cost		(467,715)	(140,854)
General and administrative expenses		(2,328,233)	(2,471,981)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		4,247,706	4,238,295
KFAS		(35,752)	(38,716)
NLST		(44,208)	(100,385)
Zakat		(114,362)	(42,297)
Directors' remuneration	21	(45,000)	(45,000)
Profit for the year		4,008,384	4,011,897
Basic and diluted earnings per share	20	10.06 Fils	10.07 Fils

The notes on pages 25 to 53 form an integral part of these consolidated financial statements.

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015	2014
		KD	KD
Profit for the year		4,008,384	4,011,897
Other comprehensive income :			
Other comprehensive income to be reclassified to the consolidated statement of income in subsequant periods:			
Net unrealized loss on financial assets available for sale		(402,200)	(1,168,093)
Gain on reclassification of available for sale investments to investment in associates	7	162,389	-
Transferred to consolidated statement of income on sale of financial assets available for sale		25,798	(632,150)
Transferred to consolidated statement of income on impairment of financial assets available for sale		171,116	763,179
Total other comprehensive loss		(42,897)	(1,037,064)
Total comprehensive income for the year		3,965,487	2,974,833

The notes on pages 25 to 53 form an integral part of these consolidated financial statements.

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2015	38,166,802	(1,458,518)	86,127	3,637,556	3,637,556	686,393	10,036,022	54,791,938
Profit for the year	-	-	-	-	-	-	4,008,384	4,008,384
Other comprehensive loss	-	-	-	-	-	(42,897)	-	(42,897)
Total comprehensive (loss)/ income for the year	-	-	-	-	-	(42,897)	4,008,384	3,965,487
Issuance of 6% bonus shares (Note 13 & 21)	2,290,008	-	-	-	-	-	(2,290,008)	-
Transfers to reserves	-	-	-	424,771	424,771	-	(849,542)	-
Balance at 31 December 2015	40,456,810	(1,458,518)	86,127	4,062,327	4,062,327	643,496	10,904,856	58,757,425
Balance at 1 January 2014	36,349,336	(1,458,518)	86,127	3,213,726	3,213,726	1,723,457	8,689,251	51,817,105
Profit for the year	-	-	-	-	-	-	4,011,897	4,011,897
Other comprehensive loss	-	-	-	-	-	(1,037,064)	-	(1,037,064)
Total comprehensive (loss)/ income for the year	-	-	-	-	-	(1,037,064)	4,011,897	2,974,833
Issuance of 5% bonus shares (Note 13 & 21)	1,817,466	-	-	-	-	-	(1,817,466)	-
Transfers to reserves	-	-	-	423,830	423,830	-	(847,660)	-
Balance at 31 December 2014	38,166,802	(1,458,518)	86,127	3,637,556	3,637,556	686,393	10,036,022	54,791,938

The notes on pages 25 to 53 form an integral part of these consolidated financial statements.

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

Consolidated statement of cash flows
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		4,247,706	4,238,295
Adjustments for:			
Amortization	5&6	917,438	917,438
Depreciation	8	1,104,422	841,557
Provision for employees' end of service benefits		153,272	-
Realised loss/ (gain) on sale of financial assets available for sale		25,798	(632,150)
Impairment losses on financial assets available for sale	9	171,116	763,179
Provision for impairment of receivables	10	300,000	641,949
Gain on reclassification of financial assets available for sale investments into investment in an associates	7	(162,389)	-
Gain on sale of property, plant and equipment		(1,400)	-
Dividend income		(396,563)	(633,873)
Interest income		(111,320)	(123,196)
Finance cost		467,715	140,854
		6,715,795	6,154,053
Change in working capital:			
Inventories		(52,894)	(75,707)
Accounts receivable and prepayements		8,323,463	(9,092,676)
Accounts payable and accruals		(484,825)	20,445
Due to related parties		946,106	316,260
Cash flows generated from/ (used in) operations		15,447,645	(2,677,625)
Employees' end of service benefits paid		(44,248)	(9,932)
Net cash flows generated from/ (used in) operating activities		15,403,397	(2,687,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(3,676,789)	(3,934,619)
Proceeds from sale of property and equipment		3,400	23,439
Purchase of financial assets available for sale		(25,477,415)	(5,727,115)
Proceeds from sale of financial assets available for sale		1,143,165	7,578,239
Placement of term deposits		(6,456,780)	(7,653,262)
Proceeds from term deposits		7,653,262	9,666,455
Dividend income received		396,563	633,873
Interest income received		111,320	123,196
Net cash flows (used in)/ generated from investing activities		(26,303,274)	710,206

Oula Fuel Marketing Company K.S.C.P. and its Subsidiary

Consolidated statement of cash flows
For the year ended 31 December 2015

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		5,060,000	9,000,000
Settlement of bank loans		(1,733,333)	(1,400,000)
Finance cost paid		(467,715)	(140,854)
Net cash flows from financing activities		2,858,952	7,459,146
Net (decrease)/ Increase in cash and cash equivalents		(8,040,925)	5,481,795
Cash and cash equivalents at the beginning of year		10,194,961	4,713,166
Cash and cash equivalents at the end of the year	12	2,154,036	10,194,961

The notes on pages 25 to 53 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Oula Fuel Marketing Company K.S.C.P. ("the Parent Company") is a Kuwaiti shareholding company incorporated on 17 May 2004 and the head office of the Parent Company is located in Alqebla area, P.O. Box 29009, Safat 13151, State of Kuwait.

The Parent Company's shares were listed on the Kuwait Stock Exchange on 18 December 2006.

The principal activities of the Parent Company are:

- Acquisition, establishment, leasing, operating, and maintenance of petrol stations and their customer service centers, to provide all automobile services including changing of oil, car wash, maintenance workshop services and technical check-ups.
- The ability to fill and store fuel and to ship and trade in petroleum products in bulk or retail.
- Purchase and lease lands and real estate.
- Utilizing the financial surpluses of the Parent Company by investing in financial and real estate portfolioes managed by specialized companies and entities.
- Utilizing the financial surpluses of the Parent Company by investing in portfolios managed by specialised companies and entities.
- Carrying on sales activities of the prepaid fuel cards and newest related electronic services.

The Parent Company may have interests or participate in any suitable way with entities that are engaged in similar business activities or that the Parent Company to achieve its objectives inside Kuwait and abroad without conflict with the article of the Parent Company.

The Companies Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012 as amended. This Law shall be applicable as of 26 November 2012.

The Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this new Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The consolidated financial statements of Oula Fuel Marketing Company K.S.C.P. ("the Parent Company") and its subsidiary ("the Group") for the year ended 31 December 2015 were authorised for issuance by the board of directors on 10 March 2016 and subject to the approval at the Annual General Assembly.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") and Companies Law.

The consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of certain financial assets available for sale and real estate portfolios.

The consolidated financial statements of the Group are presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Group.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the financial statements and their effect are disclosed in note 3.

2.2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2015

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:

IFRS 3 Business Combinations (Effective for annual periods beginning on or after 1 July 2014

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value at each reporting date whether or not they fall within the scope of IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognized in the statement of income. The adoption of these amendments has had no impact on the financial position or performance of the Group.

• IFRS 8 Operating Segments (Effective for annual periods beginning on or after 1 July 2014 the amendments are applied retrospectively and clarify that:

• An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of 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, similar to the required disclosure for segment liabilities.

The adoption of these amendments has had no impact on the financial position or performance of the Group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Effective for annual periods beginning on or after 1 July 2014)

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The adoption of these amendments has had no impact on the financial position or performance of the Group.

IAS 24 Related Party Disclosures (Effective for annual periods beginning on or after 1 July 2014)

The amendment is applied retrospectively and clarifies 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. The adoption of these amendments has had no impact on the financial position or performance of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

b) Standards issued but not yet effective

The following IASB Standards have been issued/amended but are not yet mandatory, and have not been adopted by the Group:

IFRS 9: Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This Standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this Standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The impact of this Standard on the initial application in 2018 is not reasonably estimable at the present time.

IFRS 15 – Revenue from Contracts with customers

IFRS 15 was issued by IASB in May 2014 is effective for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue recognition requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is currently assessing the impact of this Standard.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The Standard is not expected to have any impact on the financial position or performance of the Group.

IFRS 16 Leases

The Standard is effective for annual periods beginning on or after 1 January 2019 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Group is currently evaluating its effect and does not expect that its adoption will have a significant impact.

Adoption of other new or amended Standards are not expected to have material effect on the consolidated financial position or financial performance of the Group. Additional disclosures will be made in the consolidated financial statements when these Standards become effective.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. The financial statements of subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All intra-group balances, transactions, recognized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income/loss within a subsidiary is attributed to the Parent Company and non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in other comprehensive income
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in consolidated statement of income
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting 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 interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

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 acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefits from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement income when the asset is derecognised.

Intangible assets represent commercial licenses of the fuel stations which are amortised on a straight line basis over a useful economic life of 26 years.

Leasehold rights

Leasehold rights acquired are measured on initial recognition at cost. Following initial recognition, leasehold rights are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Leasehold rights are amortised over their useful economic life and assessed for impairment whenever there is an indication that the leasehold rights may be impaired. The amortisation period and the amortisation method for leasehold rights is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on leasehold rights is recognised in the consolidated statement of income.

Gains or losses arising from derecognition of a leasehold right are measured as the difference between the net disposal proceeds and the carrying amount of the right and are recognised in the consolidated statement income when the asset is derecognised.

Leasehold rights represent the right of use of the land of fuel stations, which are amortised on a straight line basis over the useful economic life of 26 years.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee generally accompanying a shareholding of between 20% and 50% of the voting rights.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of 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 recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss as gain on bargain purchase.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The associate financial statements are prepared either to the Parent Company's reporting date or to a date not longer than three months of the Parent Company's reporting date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (continued)
Financial assets (continued)

Property and equipment
Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of income as incurred.

Freehold land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Fuel stations	15 - 25 years
Furniture and decorations	4 years
Computers	4 years
Equipments	4 - 7 years
Vehicles	4 years

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalized.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Inventories
Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

Impairment of non financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash generating units recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (continued)
Financial assets (continued)

the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Financial assets
Initial recognition and measurement
Financial assets within scope of IAS 39 are classified as financial assets at fair value through statement of income, loans and receivables or financial assets available for sale, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through statement of income, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include financial assets available for sale, accounts receivable, term deposits and cash and cash equivalents. At 31 December 2015, the Group has neither held-to-maturity investments nor financial assets at fair value through statement of income.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group does not have any loans. Receivables include trade accounts receivable which are stated at original invoice amount less impairment due to uncollectible amount. An estimate for impairment is made when collection of the full amount is no longer probable. The losses arising from impairment are recognised in the statement of income in finance costs for loans and in cost of sales or other operating expenses for receivables. Bad debts are written off when there is no possibility of recovery.

Bank balances and cash
Bank balances and cash in the consolidated statement of financial position comprise cash on hand and at banks and cash in portfolios.

Financial assets available for sale
Financial assets available for sales comprise equity securities and managed funds. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through statement of income.

After initial recognition, financial assets available for sales are subsequently measured at fair value with unrealised gains or losses recognised as cumulative changes in fair values in other comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss is removed from the cumulative changes in fair values and recognised in the consolidated statement of income. Financial assets whose fair value cannot be reliably measured are stated as cost less impairment losses, if any.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (continued)
Financial assets (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive the cash flows from the asset have expired
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each financial position whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (continued)
Financial assets (continued)

as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial assets available for sale
For financial asset available for sale, the Group assesses at each financial position whether there is objective evidence that an investment or a Group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income – is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement and loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in case of loans and borrowings, net of directly attributable transactions costs.

The Group's financial liabilities include bank borrowings and accounts payables and accruals.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Trade payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Other liabilities
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Dividends payable
Dividends payable are recognised as a liability in the consolidated financial statements at the date in which the dividends are approved by shareholders.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments – initial recognition and subsequent measurement (continued)
Financial assets (continued)

Bank borrowings
Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities:
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet 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, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in treasury share reserve to the extent of the credit balance in that account.

Any excess losses are charged to retained earnings then to the reserves. 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.

Provision for staff indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on the reporting date.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is valued at the fair value of the consideration received or receivable, taking in to account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if its acting as principal or agent. The Group has conculded that it is acting as a princapal in all of its revenue arrangements. The following recognition criteria must also be met before revenue is recognised:

Sales

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on the delivery of goods.

Dividend income

Dividend income is recognised when the right to receive the dividend is established which is generally when shareholders approve the dividend.

Interest income

Interest revenue is recognised in the consolidated statement of income for all interest-bearing financial instruments using the effective interest method. Effective Interest Rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

3. SIGNIFICANT ACCOUNTING JUDGMENS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities

3. SIGNIFICANT ACCOUNTING JUDGMENS, ESTIMATES AND ASSUMPTIONS (Continued)

and the disclosure of contingent liabilities at the date of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets

The Group decides on acquisition of financial assets whether they should be classified as financial assets at fair value through consolidated statement of income, or available for sale financial assets.

The management classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making and the fair value of those financial assets can be reliably determined.

Classification of financial assets as designated depends on how management monitor the performance of these financial assets when they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as designated.

All other financial assets are classified as available-for-sale.

Impairment of financial assets available for sale

The Group treats financial assets available for sales as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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:

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An 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-inflows and the growth rate used for extrapolation purposes.

Intangible assets

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENS, ESTIMATES AND ASSUMPTIONS (Continued)

Control assessment
When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

Fair value of financial instruments
Where the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment

is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of inventories
Inventories are valued at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

Impairment of trade accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

4. SUBSIDIARY

Details of the Group's subsidiary is as follows:

Name of the subsidiary	Principal activity	Country of incorporation	Legal ownership	
			2015	2014
Ultra Holding Company – Kuwaiti Holding Company K.S.C.C. and its Subsidiaries.	Holding	Kuwait	96%	96%

5. INTANGIBLE ASSETS

	2015	2014
	KD	KD
Cost:		
At 1 January	1,786,090	1,786,090
At 31 December	1,786,090	1,786,090
Amortization:		
At 1 January	386,532	322,110
Charge for the year	64,422	64,422
At 31 December	450,954	386,532
Net book value:		
At 31 December	1,335,136	1,399,558

Intangible assets represent commercial licenses of the fuel stations which are amortized on a straight line basis over a useful economic life of 26 years.

6. LEASEHOLD RIGHTS

	2015	2014
	KD	KD
Cost:		
At 1 January	22,178,410	22,178,410
At 31 December	22,178,410	22,178,410
Amortization:		
At 1 January	5,118,096	4,265,080
Charge for the year	853,016	853,016
At 31 December	5,971,112	5,118,096
Net book value:		
At 31 December	16,207,298	17,060,314

Leasehold rights represent the right of use of the land of fuel stations, which are amortized on a straight line basis over the useful economic life of 26 years.

7. INVESTMENT IN ASSOCIATES

Name of associate	Principal activity	Place of incorporation	Ownership interest %		Carrying amount	
			2015	2014	2015	2014
					KD	KD
National Leasing and Financing Compnay K.S.C.C.	Leasing and investment	Kuwait	20.34%	-	7,945,863	-

During the year ended 31 December 2015, the Group increased its interest in National Leasing and Financing Company K.S.C.C to 20.34 % (2014: 12.66%). Previously this investment was treated as financial assets available for sale, now the Group has the ability to exercise significant influence over the operation of this Company. Accordingly, this investment was reclassified to investment in an associate in accordance with International Accounting Standard 28 ("Investments in Associates and Joint Ventures"). As a result of this reclassification, the Group recycled KD 162,389 in the consolidated statement of income which represents the revaluation of pre-existing ownership previously held in equity interest of financial assets available for sale. No Goodwill has arised as a result of this step acquisition.

Summarised financial information is as follows;

National Leasing and Financing Company K.S.C.C

	2015
	KD
As at 31 December	
Total assets	62,980,088
Total liabilities	23,914,883
Net assets	39,065,205
For the year ended 31 December	
Income	8,851,856
Expenses	(7,740,281)
Profit	1,111,575
Other comprehensive income	(33,520)
Total comprehensive income	1,078,055

There are no contingent liabilities relating to the Group's interest in the associate.

8. PROPERTY AND EQUIPMENT

	Fuel stations	Furniture and decorations	Computers	Equipments	Vehicles	Projects in progress	Total
	KD	KD	KD	KD	KD	KD	KD
Cost:							
At 1 January 2015	11,858,514	646,383	2,147,512	821,901	20,427	2,409,145	17,903,882
Additions	-	-	-	-	-	3,676,789	3,676,789
Transfers	2,481,985	1,250	7,502	90,925	-	(2,581,662)	-
Disposals	-	-	-	-	(8,727)	-	(8,727)
At 31 December 2015	14,340,499	647,633	2,155,014	912,826	11,700	3,504,272	21,571,944
Depreciation:							
At 1 January 2015	5,345,355	540,200	1,696,818	395,810	9,296	-	7,987,479
Charge for the year	746,418	31,831	177,355	144,075	4,743	-	1,104,422
Related to disposals	-	-	-	-	(6,727)	-	(6,727)
At 31 December 2015	6,091,773	572,031	1,874,173	539,885	7,312	-	9,085,174
Net book value:							
At 31 December 2015	8,248,726	75,602	280,841	372,941	4,388	3,504,272	12,486,770
Cost:							
At 1 January 2014	9,450,782	520,909	1,854,850	496,074	44,127	1,629,614	13,996,356
Additions	-	-	-	-	-	3,934,619	3,934,619
Transfers	2,407,732	125,474	292,662	325,827	-	(3,151,695)	-
Disposals	-	-	-	-	(23,700)	(3,393)	(27,093)
At 31 December 2014	11,858,514	646,383	2,147,512	821,901	20,427	2,409,145	17,903,882
Depreciation:							
At 1 January 2014	4,835,376	520,069	1,472,705	315,733	5,693	-	7,149,576
Charge for the year	509,979	20,131	224,113	80,077	7,257	-	841,557
Related to disposals	-	-	-	-	(3,654)	-	(3,654)
At 31 December 2014	5,345,355	540,200	1,696,818	395,810	9,296	-	7,987,479
Net book value:							
At 31 December 2014	6,513,159	106,183	450,694	426,091	11,131	2,409,145	9,916,403

9. FINANCIAL ASSETS AVAILABLE FOR SALE

	2015 KD	2014 KD
Investment in managed portfolios of equity securities	6,544,499	10,055,830
Investments in real estate portfolios	25,915,042	6,041,263
Investments in managed funds	271,681	323,164
	32,731,222	16,420,257
Investments carried at fair value	6,400,723	9,963,537
Investments carried at cost	26,330,499	6,456,720
	32,731,222	16,420,257

Investments in managed portfolios of equity securities with carrying value of KD 6,129,042 (2014: KD 9,640,373) are carried at fair value as advised by the portfolio managers. Investments in managed funds with carrying value of KD 271,681(2014: KD 323,164) are carried at fair value as advised by the fund managers.

Investments with carrying value of KD 26,330,499 (2014: KD 6,456,720) are carried at cost less impairment because fair value could not be reliably measured. At the reporting date, the management has carried out a detailed review of these investments to assess whether there is objective evidence that these investments are impaired. As a result, the management recognised impairment losses of KD 171,116 (2014: KD 763,179).

Certain investment properties held through a real estate portfolios with a carrying value of KD 25,915,042 (2014: KD 6,041,263) are managed by external managers and are stated as advised by the real estate portfolios' managers.

Investments amounting to KD 32,315,766 (2014: KD 16,004,801) are managed by a related party (Note 19). Fair value hierarchy is provided in note 25.

10. ACCOUNTS RECEIVABLE AND PREPAYEMENTS

	2015	2014
	KD	KD
Trade receivables	3,026,178	2,868,623
Prepayments	2,554,640	11,042,568
Refundable deposits	21,450	21,450
Other receivable	60,936	54,026
	5,663,204	13,986,667
Less: provision for impairment of trade receivables	(2,691,956)	(2,391,956)
	2,971,248	11,594,711

Trade receivables includes receivable balance from an associate company for which the Group's management has recorded provision of KD 300,000 (2014: KD 641,949) in the consolidated statement of income and ultimately the outstanding balance of KD 2,788,669 has been fully impaired (Note 22).

Prepayments include advances paid to acquire real estate investments which were paid to a portfolio manager (related party) of KD 2,080,000 (2014: KD 8,728,126) (Note 19).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit allowance required in excess of the allowance for bad and doubtful debts.

As at 31 December, the ageing analysis of trade receivables that were not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired					Total
		< 30 days	30 to 60 days	60 to 90 days	90 to 120 days	> 120 days	
	KD	KD	KD	KD	KD	KD	KD
2015	334,222	-	-	-	-	-	334,222
2014	-	-	-	176,667	-	300,000	476,667

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. The Group does not hold any collateral as security, for accounts receivable and prepayments.

11. TERM DEPOSITS

Term deposits represents deposits with local and foreign banks operates in Kuwait with a maturity over a period exceeding three months from the date of the placement. The average effective interest rate on term deposits ranges 0.9% to 2.375% per annum (2014: ranges from 1.25% to 1.8% per annum).

12. CASH AND CASH EQUIVALENTS

	2015	2014
	KD	KD
Cash on hand	632,394	537,809
Cash at banks	1,304,960	7,987,848
Cash at portfolios	216,682	1,669,304
	2,154,036	10,194,961

13. SHARE CAPITAL

	2015	2014
	KD	KD
Authorized, issued and fully paid in cash :		
404,568,177 (2014: 381,668,037) shares of 100 fils each	40,456,810	38,166,802

The movement in ordinary shares in issue was as follows:

	2015	2014
As at 1 January	381,668,037	363,493,369
Issuance of bonus shares (Note 21)	22,900,080	18,174,668
As at 31 December	404,568,117	381,668,037

14. TREASURY SHARES

	2015	2014
Number of treasury shares	5,979,179	5,640,735
Percentage of ownership	1.48%	1.48%
Market value (KD)	657,710	586,636
Cost (KD)	1,458,518	1,458,518

The Parent Company is committed to keeping reserves and retained profits equal to the purchased treasury shares which are non-distributable along acquisition period according to the instructions of the concerned regulatory authorities.

15. STATUTORY RESERVE

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Directors' remuneration less accumulated losses brought forward, is transferred to statutory reserve. The Parent Company's Board of Directors may resolve to discontinue such annual transfers when the reserve either equals or exceeds 50% of the issued share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings (accumulated losses) are not sufficient for the payment of a dividend of that amount.

16. VOLUNTARY RESERVE

In accordance with the Parent Company's Articles of Association, 10% of the profit attributable to the Parent Company for the year before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat and Directors' remuneration less accumulated losses brought forward, is transferred to the voluntary reserve. The Group may resolve to discontinue such annual transfers in accordance with a resolution of the Parent Company's ordinary general meeting based on proposal submitted by the Parent Company's Board of Directors. Voluntary reserve is shown separately within equity.

17. BANK LOANS

Currency	Current		Non – current	
	2015	2014	2015	2014
	KD	KD	KD	KD
Kuwaiti Dinars	2,600,000	2,600,000	9,326,667	6,000,000
	2,600,000	2,600,000	9,326,667	6,000,000

This represents bank loans granted by local and foreign banks at an interest rate ranging from 2% to 3.5% over the Central Bank of Kuwait discount rate (2014: 2% to 2.5% over the Central Bank of Kuwait discount rate). The loans are repayable within five years.

18. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
	KD	KD
Trade payables	804,852	621,092
Accrued expense	1,004,703	1,087,629
Dividends payable	796,558	852,851
Directors' remuneration	45,000	45,000
Advance payments and other payables	469,978	760,022
	3,121,091	3,366,594

19. RELATED PARTIES DISCLOSURES

Related parties represent major shareholders, directors and key management personnel, Board members of the Group and entities controlled or significantly influenced by such parties.

Pricing policies and terms of these transactions are approved by the Group's management. Related parties transactions are as follows:

	Shareholders	Entities under common control	Associate	Management	Total 2015	Total 2014
	KD	KD	KD	KD	KD	KD
Consolidated statement of financial position						
Financial assets available for sale (managed by related party) (Note 9)	-	32,315,766	-	-	32,315,766	16,004,801
Due to related parties	8,440,544	-	-	-	8,440,544	7,494,438
Accounts receivable and prepayements (Note 10)	-	2,080,000	-	-	2,080,000	8,728,126
Consolidated statement of income						
Sales	1,193,033	-	-	-	1,193,033	966,908
Cost of sales	(95,248,039)	-		-	(95,248,039)	(85,356,969)
Operating expenses	(39,418)	(1,117,330)	(8,070)	-	(1,164,818)	(1,143,427)
Provision for impairment of receivables (Note 10)	-	-	(300,000)	-	(300,000)	(641,949)
General and administrative expenses	-	(712,434)	(56,120)	-	(768,554)	(721,716)
Board of directors renumeration	-	-	-	(45,000)	(45,000)	(45,000)
Contingent liabilities						
Letter of guarantee (Note 26)	5,000,000	-	-	-	5,000,000	5,000,000

19. RELATED PARTIES DISCLOSURES (Continued)

Compensation of key management personnel of the Group:

The remuneration of key management personnel and Board members of the Group during the year were as follow:

	2015	2014
	KD	KD
Salaries and short term benefits	157,266	147,606
End of service benefits	10,136	7,356
Board of Directors remuneration (Note 21)	45,000	45,000
	212,402	199,962

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has recorded impairment of receivables against amounts owed by an associate of KD 300,000 (2014: KD 641,949) (Note 22).

This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates.

20. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the year by the weighted average number of shares outstanding during the year less treasury shares.

The Parent Company had no outstanding dilutive potential shares.

	2015	2014
Profit for the year (KD)	4,008,384	4,011,897
Weighted average number of shares outstanding during the year, excluding treasury shares (shares)	398,588,940	398,588,940
Basic and diluted earnings per share (fils)	10.06	10.07

In accordance with International Accounting Standard 33 "Earnings per share", weighted average number of shares for the year ended 31 December 2014 has been restated due to the issuance of bonus shares (Note 21).

21. PROPOSED DIVIDEND AND DIRECTORS' REMUNERATION

The Annual General Assembly meeting held on 13 May 2015 approved the audited consolidated financial statements for the year ended 31 December 2014, directors' remuneration of KD 45,000 and distribution of bonus shares of 6% (2013: 5%) of the paid up share capital in respect of the year ended 31 December 2014.

On 10 March 2016, the Board of Directors of the Parent Company have proposed to distribute cash dividends of 5% of paid up share capital for the year ended 31 December 2015 and directors' remuneration of KD 45,000 which is subject to approval by the General Assembly Meeting of the shareholders of the Parent Company.

22. LEGAL CASE

During the year ended 31 December 2012, PetroNet Smart Network Company K.S.C. (Closed) ('the associate') filed a liquidation petition with the Ministry of Commerce. However, the Parent Company filed an objection petition to suspend this liquidation petition and filed another legal case against the associate and its management to recover the outstanding receivable balance of KD 2,691,956 (31 December 2014: KD 2,391,956).

The litigation is at its initial stage. However, the management of the Group has charged an additional impairment loss of KD 300,000 during the year (31 December 2014: KD 641,949) against the receivable balance. As result, the outstanding related receivable balance is fully impaired.

23. SEGMENT REPORTING

For management purposes the Group is organized into two major business segments as follows:

- Fuel marketing and other related services – represents the sale of fuel and other related services arising from fuel stations.
- Investments – represents investment in managed portfolio , managed funds and term deposits.

There are no inter-segmental transactions. The following segments are reported in a manner that is more consistent with internal reporting providing to the chief operating decision maker.

	Fuel Marketing and other related services		Investments		Total	
	2015	2014	2015	2014	2015	2014
	KD	KD	KD	KD	KD	KD
Segment revenue	110,056,692	99,273,955	644,474	1,389,209	110,701,166	100,663,164
Results						
Depreciation and amortisation	(2,021,867)	(1,758,995)	-	-	(2,021,867)	(1,758,995)
Impairment loss on financial assets available for sale	-	-	(171,116)	(763,179)	(171,116)	(763,179)
Provision for trade and other receivables	(300,000)	(641,949)	-	-	(300,000)	(641,949)
Segment profit	3,535,026	3,385,857	473,358	626,040	4,008,384	4,011,897
Assets	35,507,808	50,466,373	47,133,865	24,073,519	82,641,673	74,539,892
Liabilities	11,957,629	11,147,954	11,926,667	8,600,000	23,884,296	19,747,954

The Group operates only in the State of Kuwait.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through Group's strategic planning process. No changes were made in the risk management objectives, policies or processes during the years ended 31 December 2015 and 2014.

24.1 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The table below shows the maximum exposure net of provision to credit risk for the components of the consolidated statement of financial position.

The gross maximum exposure net of provision is shown below:

	Gross maximum exposure	
	2015	2014
	KD	KD
Financial assets		
Accounts receivables	416,608	552,143
Term deposits	6,456,780	7,653,262
Bank balances and cash (excluding cash on hand)	1,521,642	9,657,152
	8,395,030	17,862,557

Risk concentrations of the maximum exposure to credit risk:

The Group's financial assets can be analysed by the following industrial sectors:

	2015			2014		
	Banking	Services sector	Total	Banking	Services sector	Total
	KD	KD	KD	KD	KD	KD
Kuwait	7,978,422	416,608	8,395,030	17,310,414	552,143	17,862,557

The credit quality of financial assets is managed by the Group. The table below shows the credit quality by class of asset for related consolidated statement of financial position lines.

	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
	2015	2015	2015	2015
	KD	KD	KD	KD
Accounts receivable	-	3,108,564	(2,691,956)	416,608
Term deposits	6,456,780	-	-	6,456,780
Bank balances and cash (excluding cash on hand)	1,521,642	-	-	1,521,642
	7,978,422	3,108,564	(2,691,956)	8,395,030

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.1 Credit risk (Continued)

	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
	2014	2014	2014	2014
	KD	KD	KD	KD
Accounts receivable	2,199,470	774,629	(2,391,956)	552,143
Term deposits	7,653,262	-	-	7,653,262
Cash and cash equivalents (excluding cash on hand)	7,987,848	1,669,304	-	9,657,152
	17,840,580	2,443,933	(2,391,956)	17,862,557

Concentration of risk is managed by customer and by industry sector. The maximum credit exposure to any single client as at 31 December 2015 is KD 2,080,000 (2014: KD 10,508,126) and no collateral has been taken.

24.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Gearing ratio
The gearing ratio at year end was as follows:

	2015	2014
	KD	KD
Bank loans	11,926,667	8,600,000
Less: Bank balances and cash	2,154,036	10,194,961
Net debt	9,772,631	(1,594,961)
Total equity	58,757,425	54,791,938
Net debt to total equity ratio	16.63%	-

During the year, the Group has complied with all externally imposed capital requirements.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet liabilities as they fall due.

The management has built an appropriate liquidity risk management framework for the management of the Group's short and medium funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On Demand	3 to 12 months	Over 1 year	Total
	KD	KD	KD	KD
2015				
Accounts payable and accruals	2,651,113	-	-	2,651,113
Bank loans	-	2,665,000	10,434,209	13,099,209
Due to related parties	8,440,544	-	-	8,440,544
Total liabilities	11,091,657	2,665,000	10,434,209	24,190,866
2014				
Accounts payable and accruals	2,606,572	-	-	2,606,572
Bank loans	-	2,665,000	6,712,500	9,377,500
Due to related parties	7,494,438	-	-	7,494,438
Total liabilities	10,101,010	2,665,000	6,712,500	19,478,510

Trade and other payable, and due to related parties represents transactions in normal course of business and are interest free.

24.4 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as equity prices, interest rates and foreign exchange rates, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Positions are monitored on a regular basis to ensure positions are maintained with established limits.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit before KFAS, NLST, Zakat and Directors' remuneration for one year, based on the floating rate financial assets and liabilities held at 31 December 2015.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

	Increase/decrease in basis points	Effect on consolidated statement of income KD
2015	50±	65,648
2014	50±	47,337

There is no impact on other comprehensive income.

24.4.2 Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to equity price risk, consist principally of financial assets available for sales.

The effect of other comprehensive income (as a result of a change in the fair value of investments available for sale at 31 December) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	Change in equity price		Effect on other comprehensive income	
	2015	2014	2015	2014
			KD	KD
Kuwait market	± %5	± %5	69,484	74,053

24.4.3 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposures.

The effect on the consolidated statement of income for the year and on the other comprehensive income, as a result of change in exchange rates, with all other variables held constant is not significant as the majority of the Group's assets and liabilities are denominated in Kuwaiti Dinar.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, term deposits, accounts receivable and financial assets available for sale.

Financial liabilities consist of bank loans, accounts payables and accruals and due to related parties.

The fair values of financial instruments are not materially different from their carrying values.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial assets and liabilities measured at fair value on a recurring basis in the statement of consolidated financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Total
	KD	KD	KD
2015			
Financial assets available for sale:			
Investments in managed portfolios	1,389,680	4,739,362	6,129,042
Managed funds	-	271,681	271,681
Total	1,389,680	5,011,043	6,400,723

	Level 1	Level 2	Total
	KD	KD	KD
2014			
Financial assets available for sale:			
Investments in managed portfolios	1,481,060	8,159,313	9,640,373
Managed funds	-	323,164	323,164
Total	1,481,060	8,482,477	9,963,537

The valuation techniques are used primarily for unquoted equities and Real Estate units. These assets are valued using models which incorporate data observable in the market. No transfers have been made between levels of hierarchy. The Group has no investments which are in Level 3. The carrying value of all other financial assets and financial liabilities approximate their fair values at the financial position date.

The management assessed that the fair value of cash and bank balances, receivables, other current assets, payables, loans and other current liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

26. CONTINGENT LIABILITIES

	2015	2014
	KD	KD
Letter of guarantee	5,000,000	5,000,000
	5,000,000	5,000,000

Letter of guarantee represents guarantee issued to KNPC in respect of the purchase of fuel, from which it is anticipated that no material liability will arise.

Oula Stations

Highway & Main Roads Stations	
Area	**Address**
Abdal	Block 1 - Al Safar road - Next to Al Abdali Exit
Um Al Aish	Block 1 - Al Safar road
Al Adaam	Block 1 - King Fahad Road - Next to McDonalds
Al Atraf	Al Salmi Road (between 50-40 km signs)
South Airport	7th Ring Road - Towards to Abdullah Al Mubarak suburb
Kabd **	Block 2 - Infront of kabad Co-Op
West Shuaiba **	Block 8 - king Fahad Road - Towards to Al Nuwaisib
Al Omaria **	Block 5 - st. 55 - Airport Road
Al Salmiya	Block 11 - 4th Ring Road - Infront of Fire Station
Al Qurain	Block 1 - Al Ghos st.
Qortoba **	Block 4 - 1st Ring Road - Infront of Al Adailiya Area
Al Ruqii	Al Hajjaj City - Block 4- 1st Ring Road Towards to Sulaibikhat Area
Shuwaikh	Shuwaikh Industrial - Block 4 - St. 80 - Next to Vegetable Shop
6th Ring Road	Al Shuhada - Block 6 - 3rd Ring Road - Towards to Airport
Al Funtas	Block 3 - Al Sahel Road
Sabah Al Naser	6th Ring Road
Hawalli	3rd Ring Road - Infront of Qadsia Area
Bayan **	Block 8 - Near Co-Op
Al Salmiya	Block 10 - Abd Al Karim Al Khodaby st. - 5th Ring Road
Mubarak Al Kabir **	Block 3 - Infront of Jaber Al Ali Area
Al Adan	Block 2 - King Fahed Road - Towards to Kuwait City
Eshbelia	Block 4 - Mohammed Bin Al Qasem st.
Al Shuwaikh	Block 6 - Jamal Abd Al Naser st.
Sharq	Al Istiqlal st. and Soor st. with Sharq Conjunction
Airport Exit	Road 54 - Airport Road
Al Massila **	Block 7 - Fahaheel Highway - Next Massila Beach Hotel

Urban	
Area	**Address**
Al Ahmadi	Block 13 - Al Moghawaa
Al Qaser	Across Al Qaser and Al N'aeem st.
Al Dua'ai	Block 2 - Road 60 - Near Cooperation branch
Al Khaldiya **	Block 2 - 20 st. Near the police station
Al Ardiya	Al Ardiya Industrial - Block 1 - Mohammed Bin Al Qasem st.
Dasman	Block 3 - Ahmed Al Jaber st. - Next Al Wataniya Telecom
Kaifan	Block 1 - Ashbelia st.
Al Fehahel	Block 6 - Al Badri - Next to fire station st.
Sabah Al Salem	Block 12 - Road 207 - Infront of Adan Area
Ali Sabah Al Salem	Um Al Haiman - Block 9 - Next to Fire Station
Al Jabria	Block 2 - 111 st.
Al Oyoon	Block 3 - Besher Bin Abi Awana st.
Al Wafra	Block 2 - Road 300 - Near Co-op
Al Sulaibia	Block 4 - Road 64 - Khalaf Al Ahmar st.
East Sulaibikhat	Al Nahida - Block 1
Abdullah Al Mubarak	Block 8 - West Jalib Al Shuiukh
Mubarak Al Abdullah **	West Mishref - Block 6 Infront of ACK university

** Stations built according to the new prototype.

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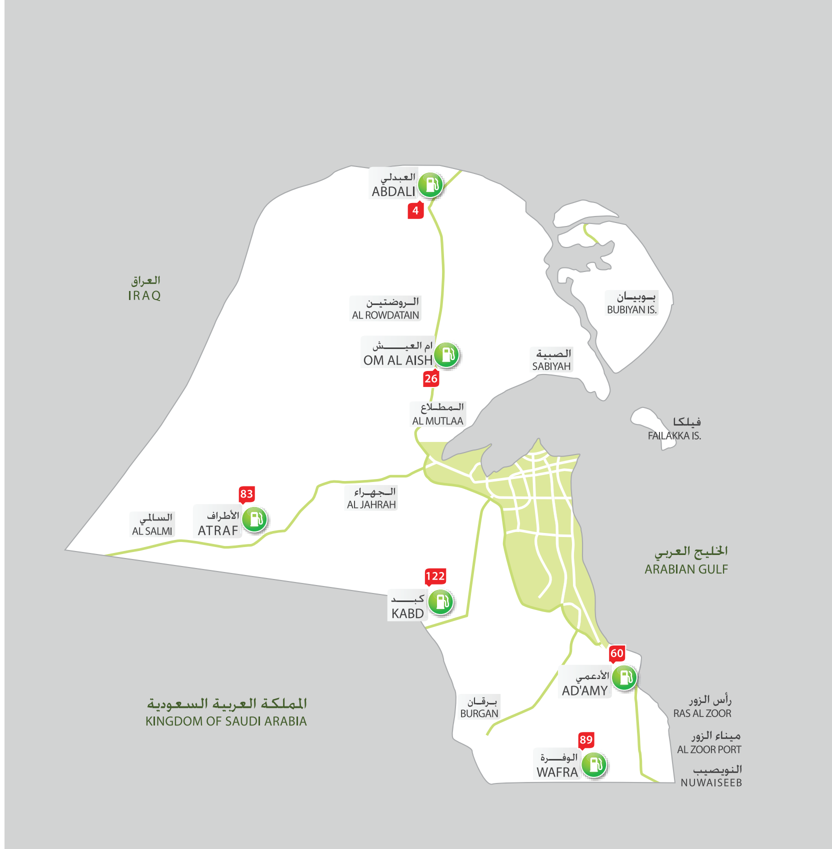

13 Car Wash Stations

Area	Address
Salmiya	Block 11 - 4th Ring Road - In front of fire station
Al Qaser	Between Al-Qaser and Al-N'aeem st.
AL Dua'ai	Block 2 - Road 60 - Near Co-op
Qortoba	Block 1 - 4th Ring Road - Infront of Al-Adaliya
6th Ring Road	Al Shuhada - Towards to Airport
Salmiya	Block 10 - 5th Ring Road
Shuwaikh	Block 6 Jamal Abd Al-Naser st.
Mubarak Al Abdullah	West Mishref - Block 6 - In Front of ACK uni
Al Omaria	Block 5 - st. 55 - Airport Road
Al Massila	Block 7 - Fahaheel High Way
Mubarak Al Kabir	Block 3 - In Front of Jaber Al-Ali Area
Al khaldiya	Block 2 -20 st. Near the police station
Bayan	Block 8 - Near Co-Op

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