

شركة اسمنت الكويت ش.م.ك
KUWAIT CEMENT COMPANY K.S.C.

Kuwait Cement Company K.P.S.C.
and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2015

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Kuwait Cement K.P.S.C.
State of Kuwait
Independent Auditors' Report to the Shareholders

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Kuwait Cement K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") which comprise consolidated statement of financial position as at 31 December 2015, consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Parent Company management's responsibility for the consolidated financial statements
The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The management is also responsible for the internal control necessary for 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 the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and notes in the consolidated financial statements. The procedures selected depend on the auditor's professional 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 auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements
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 and by the Parent Company's Memorandum and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the period ended 31 December 2015 that might have had a material effect on the business or the financial position of the Group.

Qais M. Al Nisf
Licence No. 38 "A"
BDO Al Nisf & Partners

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Kuwait: 21 March 2016

Kuwait Cement Company K.P.S.C.
and its subsidiaries
State of Kuwait

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Consolidated financial position as at 31 December 2015

(All amounts are in Kuwaiti Dinar)

	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	5	164,491,549	161,395,528
Intangible assets		103,167	832,467
Investment properties	6	842,680	866,692
Investments in associates	7	15,516,911	15,594,249
Available for sale investments	8	49,694,984	64,371,378
		230,649,291	243,060,314
Current assets			
Inventories	9	14,990,160	16,140,677
Debtors and other debit balances	10	23,267,525	24,310,629
Investments at fair value through profit or loss	11	7,994,181	8,922,146
Cash and cash equivalents	12	16,477,096	15,748,696
		62,728,962	65,122,148
Total assets		293,378,253	308,182,462
Equity and liabilities			
Equity			
Share capital	13	73,330,387	73,330,387
Share premium		26,675,810	26,675,810
Treasury shares	14	(13,497,645)	(13,497,645)
Gains on sale of treasury shares		445,592	445,592
Statutory reserve	15	43,144,613	41,126,696
Voluntary reserve	16	38,182,124	36,164,207
General reserve		18,930,128	18,930,128
Change of fair value reserve		(28,694,013)	(14,292,043)
Group's share in associates' reserves		(525,360)	(692,744)
Group's share in foreign currency translation reserve		120,851	32,502
Retained earnings		28,015,883	25,592,880
Total equity		186,128,370	193,815,770
Liabilities			
Non-current liabilities			
Loans, bank facilities and murabaha	17	60,577,621	71,772,564
Provision for employees' end of service indemnity		2,405,374	2,255,904
		62,982,995	74,028,468
Current liabilities			
Loans, bank facilities and murabaha	17	22,554,814	17,220,436
Payables and other credit balances	18	21,712,074	23,117,788
		44,266,888	40,338,224
Total liabilities		107,249,883	114,366,692
Total equity and liabilities		293,378,253	308,182,462

The accompanying notes form an integral part of these consolidated financial statements.

Rashed Abdulaziz Al-Rashed
Chairman

Sulaiman Khalid Al-Ghunaim
Vice Chairman

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Consolidated statement of income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinar)

	Note	2015	2014
Sales		92,616,249	83,498,637
Cost of sales	19	(67,853,817)	(59,723,418)
Gross profit		24,762,432	23,775,219
Other operating (expenses)/income	20	(430,615)	211,523
Selling, general and administrative expenses		(4,503,361)	(4,236,942)
Impairment in property, plant and equipment	5	-	(1,017,546)
Operating profit		19,828,456	18,732,254
Provision for doubtful debts	10	(304,284)	(554,526)
Financing charges		(2,746,264)	(2,916,986)
Interest income		39,861	62,783
Net gain on investments	21	3,224,347	2,300,206
Group's share of associates results	7	137,055	544,095
Net profit before deductions		20,179,171	18,167,826
Contribution to Kuwait Foundation for the Advancement of Sciences		(190,679)	(164,620)
National Labor Support Tax		(440,724)	(435,020)
Zakat		(113,075)	(105,674)
Board of directors' remuneration		(140,000)	(140,000)
Net profit for the year		19,294,693	17,322,512
Earnings per share (fils)	22	27.06	24.29

The accompanying notes form an integral part of these consolidated financial statements.

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Consolidated comprehensive statement of income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinar)

	Note	2015	2014
Net profit for the year		19,294,693	17,322,512
Other comprehensive income items			
Items that may be reclassified subsequently to the consolidated statement of income:			
Available for sale investments:			
Net unrealized losses from available for sale investments		(14,396,365)	(4,346,666)
Transferred to consolidated statement of income from sale of available for sale investments		(5,605)	(575,501)
		(14,401,970)	(4,922,167)
Investments in associates:			
Group's share in associates' reserves	7	167,384	20,311
Differences of translation of financial statement with foreign currency:			
Group's share in foreign currency translation reserve		88,349	84,057
Total other comprehensive loss items for the year		(14,146,237)	(4,817,799)
Total comprehensive income for the year		5,148,456	12,504,713

The accompanying notes form an integral part of these consolidated financial statements.

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Consolidated statement of changes in equity for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(9,369,876)	(713,055)	(51,555)	24,739,790	194,146,913
Net profit for the year	-	-	-	-	-	-	-	-	-	-	17,322,512	17,322,512
Total other comprehensive (loss)/income	-	-	-	-	-	-	-	(4,922,167)	20,311	84,057	-	(4,817,799)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Transfer to reserves	-	-	-	-	1,816,783	1,816,783	-	-	-	-	(3,633,566)	-
Balance at 31 December 2014	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,292,043)	(692,744)	32,502	25,592,880	193,815,770
Balance at 1 January 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,292,043)	(692,744)	32,502	25,592,880	193,815,770
Net profit for the year	-	-	-	-	-	-	-	-	-	-	19,294,693	19,294,693
Total other comprehensive (loss)/income	-	-	-	-	-	-	-	(14,401,970)	167,384	88,349	-	(14,146,237)
Cash dividends (note 24)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Transfer to reserves	-	-	-	-	2,017,917	2,017,917	-	-	-	-	(4,035,834)	-
Balance at 31 December 2015	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(28,694,013)	(525,360)	120,851	28,015,883	186,128,370

The accompanying notes form an integral part of these consolidated financial statements.

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

(All amounts are in Kuwaiti Dinar)

	Note	2015	2014
Cash flows from operating activities			
Net profit for the year		19,294,693	17,322,512
Adjustments:			
Depreciations and amortizations		4,547,570	2,632,655
Losses on sale of property, plant and equipment		-	29,658
Impairment in property, plant and equipment		-	1,017,546
Losses from disposal of intangible assets		-	733
Provision for doubtful debts	10	304,284	554,526
Financing charges		2,746,264	2,916,986
Interest income		(39,861)	(62,783)
Net gain on investments	21	(3,339,950)	(2,443,950)
Group's share of associates results	7	(137,055)	(544,095)
Provision for employees' end of service indemnity		149,470	278,306
Net operating profit before working capital changes		23,525,415	21,702,094
Inventories		1,150,517	4,755,084
Debtors and other debit balances		738,820	(5,729,506)
Investments at fair value through profit or loss		1,219,817	1,059,633
Payables and other credit balances		(334,550)	5,623,101
Net cash generated from operating activities		26,300,019	27,410,406
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(6,879,697)	(9,707,081)
Proceeds from disposal of property, plant and equipment		47,305	34,264
Paid for purchase of intangible assets		(27,736)	(30,502)
Paid for purchase of available for sale investments		(227,842)	(889,711)
Proceeds on sale of available for sale investments		492,407	2,775,465
Deposit with financial institutions		(528,959)	-
Dividends received		3,439,734	1,316,442
Interest income received		39,861	62,783
Net cash used in investing activities		(3,644,927)	(6,438,340)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and Murabaha		19,678,642	22,175,372
Settlement on loans, bank facilities and Murabaha		(26,411,929)	(29,934,600)
Finance charges paid		(2,960,934)	(3,131,979)
Dividend paid		(12,761,430)	(12,774,181)
Net cash used in financing activities		(22,455,651)	(23,665,388)
Net change in cash and cash equivalents		199,441	(2,693,322)
Cash and cash equivalents at beginning of the year		15,748,696	18,442,018
Cash and cash equivalents at end of the year	12	15,948,137	15,748,696

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Kuwait Cement Company K.P.S.C. "the Parent Company" is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company's shares were listed on Kuwait Stock Exchange on 29 September 1984.

The Parent Company's objectives are as follows:

1. Establishing a project for the production of ordinary cement, sulphate resisting portland cement and portland cement for industrial purposes and all kinds of cement at large.
2. Construction of factories and laboratories needed for achieving company's objectives.
3. Dealing in all types of products, materials, tools and machinery relating to the company's activity and transferring them locally or abroad.
4. Participating or having interest in any aspect in other companies conducting similar activities or which may assist the company in achieving its objectives in Kuwait or abroad. The company may as well acquire such companies or affiliate them. The company may also participate in incorporation of real estate companies.
5. Utilize the financial surpluses of the Company by investing and developing them locally and globally in financial and real estate portfolios and invest the Company's funds by participating in incorporation of companies of all types and with different purposes and in investment funds, inside Kuwait or abroad, to be managed by specialized companies and entities.

The Company is located in Kuwait and the address of its head office is Al - Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries together referred to as "the Group".

Company name	Legal entity	Principal activity	Country of incorporation	% of ownership 2015	% of ownership 2014
Shuwaikh Cement Company	K.S.C.C	Industrial	Kuwait	99.250	99.250
Amwaj Real Estate Company	K.S.C.C	Real Estate	Kuwait	96.000	96.000
Kuwait Cement Ready-mix Company	K.S.C.C	Industrial	Kuwait	99.844	99.844

The consolidated financial statements were prepared using the audited financial statements of subsidiaries as at 31 December 2015.

The subsidiaries' total assets amounted to KD 27,470,471 as at 31 December 2015 (31 December 2014: 26,502,040) and their net profits amounted to KD 974,169 for the year ended 31 December 2015 (31 December 2014: KD 1,161,752).

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 for the year ended on 31 December 2015 were authorized for issue by the board of directors of the Parent Company on 21 March 2016 and are subject to the approval of the general assembly of shareholders.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

2.2 New and revised standards

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

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:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered. But if those contributions depend on the number of years of service, those contributions must be allocated to the periods of service using the same attribution method as used for the gross benefit.

These amendments became effective on 1 July 2014. These amendments had no impact on the Group.

Annual improvements to IFRS 2010 – 2012 Cycle:

Amendments to IFRS 2 Share–based Payment

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify the definition of 'vesting conditions' by separately defining a 'performance condition' and a 'service condition'. Those clarifications include the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

Amendments to IFRS 3 Business Combinations

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

Amendments to IFRS 8 Operating Segments

The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify that:

An entity must disclose the judgments made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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

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

Annual Improvements to IFRS 2011 – 2013 Cycle:

Amendments to IFRS 3 Business Combinations
The amendments to this standard which are effective for annual periods beginning on or after 1 July 2014 clarify for the scope exceptions within IFRS 3 that:
Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
This scope exception only applies to the financial statements of the joint venture or the joint operation itself.

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

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

These improvements are effective from 1 July 2014 and did not have a material impact on the Group.

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the group:

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

The directors of the Company anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business requiring the acquirer to apply all the principles on business combinations accounting in IFRS 3 and other IFRSs. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

IFRS 14 – Regulatory Deferral Accounts

This standard, effective for an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous accounting standards, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of income and comprehensive income, and specific disclosures are required. Since the group is an existing IFRS preparer, this standard would not apply.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

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

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 1 – Disclosure Initiative

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

- *Materiality*, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- *Statement of financial position and statement of income and comprehensive income*, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to income.

- *Notes*, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

These amendments are not expected to have any material impact to the Group.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization

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

Amendments to IAS 16 & IAS 41 – Agriculture: Bearer Plants

The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 require that bearer plants (a subset of biological assets used solely to grow produce over several periods) should be accounted for in the same way as property, plant and equipment in IAS 16 because their operation is similar to that of manufacturing, unlike all other biological assets related to agricultural activity which are measured at fair value less cost to sell. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41, and the produce growing on bearer plants will remain within the scope of IAS 41. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27 – Equity method in separate financial statements

The amendment, effective for annual periods beginning on or after 1 January 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments are not expected to have any material impact to the Group.

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. These amendments are not expected to have any material impact to the Group.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception

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

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

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities. These amendments are not expected to have any material impact to the Group.

Annual Improvements to IFRS – 2012 – 2014 Cycle:
These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

Amendments to IFRS 5 – Non Current Assets Held for Sale & Discounted Operations
When an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

Amendments to IFRS 7 – Financial Instruments: Disclosures
Specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. Additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

Amendments to IAS 19 – Employee Benefits
When determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Amendment to IAS 34 – Interim Financial Reporting
What is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

2.3 Significant accounting policies

2.3.1 Basis of consolidation

Subsidiaries
The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company and its subsidiaries. Control exists when the parent company (a) has power over an investee, (b) is exposure, or has rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power over the investee to affect the amount of the investor's returns.

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

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 polices.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, the profit or loss on disposal is stated in the consolidated statement of income and is calculated as the difference between:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest and
(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in consolidated statement of income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in consolidated comprehensive income are reclassified to consolidated statement of income where such treatment would be appropriate if that interest were disposed of.

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in associates and joint ventures
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, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's comprehensive statement of income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized profits and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of results of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Impairment of an associate and a joint venture' in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of income.

2.3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses if any. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance.

Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

	Useful lives
Buildings	10-35 years
Plant & equipment	7-25 years
Motor vehicles, computers & furniture	1-7 years

The asset's residual values, useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. A change in the estimated useful life of a property, plant and equipment is applied at the beginning of the year of change prospectively.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by the difference between the net sales proceeds and the net carrying amount of the asset and is recognised in the consolidated statement of income.

Work in progress is included in property, plant and equipment in the consolidated statement of financial position until they are completed and ready for their intended use, at that time, they are reclassified under similar assets and the depreciation commences.

2.3.3 Intangible assets

Intangible assets with definite life, which are separately acquired, are carried at cost less accumulated amortization and impairment losses if any. Amortization is charged on a straight-line basis over the estimated useful lives.

The useful live and amortization methods are reviewed at the end of each financial year. Changes in estimations are accounted for as at the beginning of the financial year in which the change occurred.

Intangible assets with infinite life, which are separately acquired, are carried at cost less impairment losses if any.

Intangible assets are removed on disposal or when it is proved that there will not be any future benefit resulting from use of these assets. The profit and loss resulting from disposal are measured by the difference between the net proceeds and carrying value of the disposed asset and are then recorded in the consolidated statement of income.

2.3.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment property is recorded at depreciated cost less impairment in value, if any. Land is not depreciated. Building is depreciated using the straight line method over its estimated useful live of 10-20 years.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the disposal of investment property are determined as the difference between the carrying amount and the net disposal proceeds. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

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

2.3.5 Impairment of tangible and intangible assets other than goodwill

The tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered impairment in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

2.3.6 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition immediately in the statement of income.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Group has determined the classification of its financial assets as follows:

Financial assets as fair value through profit or loss
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gains or losses arising from remeasurement recognised in the consolidated statement of income. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The net gain or loss recognised in the consolidated statement of income incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in (note 3.3).

Available for sale (AFS) assets
AFS financial assets are non-derivatives which are not classified as (a) loans and receivables, (b) held-to-maturity or (c) financial assets at fair value through statement of income.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of changes in fair value reserve. When available for sale assets are disposed of or is determined to be impaired, the cumulative profit or loss previously recognized in changes in fair value reserve shall be transferred to the statement of income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognized in other comprehensive income items.

Loans and debtors
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash with banks) are measured at amortized cost using the effective interest method, less any impairment.

Impairment in value
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's average effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of doubtful debts allowance. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial instruments that are measured at amortized cost, in case of any positive change in the period subsequent to the impairment losses, which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of income to the extent that the carrying amount of the income at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized in consolidated statement of income are not reversed through profit or loss, as any increase in fair value subsequent to an impairment loss is recognized in other comprehensive statement of income.

Derecognition
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities
Financial liabilities (including borrowings and other receivables) are recognized initially at fair value, net of transaction costs incurred subsequently measured at amortized cost using the effective interest method.

Derecognition
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of income.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously.

2.3.7 Inventories

Inventories are held at lower of cost and net realizable value. Raw materials cost is determined on a weighted average cost basis. The cost of finished goods and goods in process includes direct materials, direct labor and fixed and variable manufacturing overhead, and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.3.8 Employees' end of service indemnity

The Group is liable under Kuwait Labor Law to make payments under defined benefit plans to employees at termination of employment. Regarding the labor in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statement date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.3.10 Treasury shares

Treasury shares represent the Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method, where the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are disposed; gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realized losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings and then to reserves then to share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

2.3.11 Foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars ("KD").

Transactions and balances
Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.
Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the consolidated statement of income.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except those companies that operate in countries with high inflation rate) are translated into the presentation currency as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that consolidated financial statements;
- Income and expenses for each statement of income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

2.3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances and after elimination of intra-group sales.

- Revenues from sale of goods are recognised when significant risks and rewards of ownership have been transferred to the buyer. These risks and rewards are transferred generally to the buyer on delivery and legal title is passed.
- Dividend income is recognised when the right to receive payment has been established.
- Interest income from deposits is recognised on time basis and other revenues are recognised on an accrual basis.

2.3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised in the consolidated statement of financial position as assets for the group at its fair value at the beginning of lease or, if it was less, at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

2.3.15 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders.

3. Risk Management

3.1 Financial risks

The activities of the Group expose it to a set of financial risks, which are market risk, which include (foreign currency risk and risks of change in fair value resulting from the change in interest rates, and risks of fluctuations in cash flows resulting from the change in interest rates, and price risk) in addition to credit risk and liquidity risk.

The Group's management for these financial risks is concentrated in the continuous evaluation of market conditions and trends and the management's assessment of the changes to long and short-term market factors.

(a) Market risk

Foreign currency risk

The Group is exposed to foreign currency risk resulting primarily from dealing with financial instruments in US Dollar. The foreign currency risk results from future transactions and from the assets and liabilities denominated with different currency other than the functional currency.

The Group has set policies to manage foreign currency risk represented in close monitoring of the change in currency rate, in addition to monitoring the effect of such changes on the financial position of the Group. Also, the use of hedging instruments to cover for the exchange rate risk of some foreign currencies over the year.

The Group is exposed to foreign currency risk resulting primarily from translation of assets and liabilities in foreign currency such as cash and cash equivalents, investments, receivables, payables, loans, bank facilities and Murabaha.

The following is the value of net positions of US Dollar as at the consolidated financial statements date:

	2015	2014
Net positions of US Dollar	(8,147,034)	(15,836,960)

In case the US Dollar decrease / increase by 5% against the Kuwait Dinar, while all other variables are held constant, the Group's net profits will increase/decrease by KD 407,352 for the year ended 31 December 2015 (31 December 2014: KD 791,848).

Price risk
The Group is exposed to price risk through its investments classified in the consolidated financial statements as available for sale investments, or financial investments at fair value through profit or loss.

The Group manages this risk by diversifying its investments on the basis of pre-determined asset allocation across various categories, continuous appraisal of market conditions and trends and management's estimate of long term changes in fair value. Also the Group keeps its investments at specialised investment companies which manage these investments.

The Group monitors the management of the investment portfolios through monthly periodic reports provided by the portfolio managers of these portfolios and takes the necessary actions when required to minimise the expected market risk of these investments.

The table below summarizes the impact of the decrease in the Kuwait Stock Exchange KSE index on the Group's net profit for the year and its equity. This analysis is based on the assumption that the KSE changes by ±5% with all other variables held constant.

	Effect on consolidated statement of income		Effect on consolidated statement of comprehensive income	
	2015	2014	2015	2014
Investments at fair value through profit or loss	73,191	75,837	-	-
Available for sale investments	-	-	2,271,887	2,994,643

Cash flow and fair value fluctuation risk resulting from the change in interest rate:
As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are independent of interest rate risks.

The Group's interest rate risk arises from long-term borrowings. The Group has floating and fixed interest bearing loans.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing borrowings and alternative borrowing.

At 31 December 2015, if the interest rate on US Dollar bank facilities, loans and murabaha had been 0.20% higher with all other variables held constant, net profits for the year would have been lower by KD 33,731 (31 December 2014: KD 46,210).

(b) Credit risk

This represents the inability of one party to the financial instrument to meet its liabilities on maturity date, resulting into financial losses to the other party. The Group's credit risk is highly concentrated in receivables and cash and cash equivalents; the Group manages and follows up the credit risk as follows:

- Dealing with customers, with good credit worthiness and reputation, related parties and government bodies.
- Diversification of the customer base and avoiding centralization.
- Obtaining guarantees from customers issued from high credit rating banks and irrecoverable letters of credit.
- Dealing with financial institutions with high credit rating.

(c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The ultimate responsibility of managing the liquidity risk is kept with the board of directors. The Group manages the liquidity by keeping appropriate reserves and obtaining bank credit facilities. In addition to continuous monitoring of the expected and actual cash flows and a comparison of maturity dates of financial assets and liabilities.

The following are the maturity dates of undiscounted financial liabilities of the Group as of 31 December:

	2015		
	Within one year	More than one up to three years	More than three years
Loans, bank facilities and murabaha	23,026,043	46,473,121	19,011,217
Payables and other credit balances	21,712,074	-	-

	2014		
	Within one year	More than one up to three years	More than three years
Loans, bank facilities and murabaha	17,758,574	21,530,086	56,764,998
Payables and other credit balances	23,117,788	-	-

3.2 Capital risks

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (loans, bank facilities and Murabaha offset by cash and cash equivalents) and equity.

The Group has a target gearing ratio of 25% - 40% determined as the proportion of net debt to total capital. The following shows the net debt to total capital as at 31 December:

	2015	2014
Total loans, bank facilities and murabaha	83,132,435	88,993,000
(Less) :Cash and cash equivalents	(15,948,137)	(15,748,696)
Net debt	67,184,298	73,244,304
Total equity	186,128,370	193,815,770
Total capital	253,312,668	267,060,074
Net debt to total capital ratio (%)	26.52	27.43

3.3 Fair value estimation

The fair values of financial assets and liabilities are estimated as follows.

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Valuation techniques based on observable inputs other than quoted prices of financial instruments.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined:

Financial assets	Fair value As at 31 December 2015	Fair value As at 31 December 2014	Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relation of unobservable inputs to fair value
Available for sale investments:						
Quoted shares	45,437,748	59,892,854	First	Last bid price	N/A	N/A
Foreign funds	918,875	1,444,229	Second	Net asset value	N/A	N/A
Investments at fair value trough statement of income:						
Local shares	1,150,770	1,150,887	Third	Based on the latest available financial statements or on the basis of the last transaction	N/A	N/A
Local funds	313,044	365,858	Second	Net asset value	N/A	N/A
Foreign investments	6,530,367	7,405,401	Second	Net asset value	N/A	N/A

Fair value of financial assets and liabilities of the Group not measured at fair value on a periodical basis is as follows (provided that disclosing the fair value):

	31 December 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Debtors and other debit balances	23,267,525	23,267,525	24,310,629	24,310,629
Financial liabilities				
Loans, bank facilities and murabaha	83,132,435	83,132,435	88,993,000	88,993,000
Payables and other credit balances	21,712,074	21,712,074	23,117,788	23,117,788
Total	104,844,509	104,844,509	112,110,788	112,110,788

	Fair value hierarchy 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debtors and other debit balances	-	-	23,267,525	23,267,525
Financial liabilities				
Loans, bank facilities and murabaha	-	-	83,132,435	83,132,435
Payables and other credit balances	-	-	21,712,074	21,712,074
Total	-	-	104,844,509	104,844,509

	Fair value hierarchy 31 December 2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debtors and other debit balances	-	-	24,310,629	24,310,629
Financial liabilities				
Loans, bank facilities and murabaha	-	-	88,993,000	88,993,000
Payables and other credit balances	-	-	23,117,788	23,117,788
Total	-	-	112,110,788	112,110,788

The fair value of financial assets and liabilities are categorized under level 3 below by using recognized valuation technique such as discounted cash flows.

4. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of financial instruments
Certain assets and liabilities of the group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate. Information regarding the required valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in note 3.3.

Impairment of inventory
The management assesses at the date of each consolidated financial position whether inventory are impaired. On determining impairment, the management is required to make significant judgments including assessment of factors such as the nature of the industry and market conditions.

Impairment of receivables
Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in international and financial economic conditions that correlate with default on receivables.

Contingent liabilities
Contingent liabilities arise as a result of a past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Classification of investments
On acquisition of an investment, the Group has to decide whether it should be classified as carried at fair value through statement of income or as available for sale.

A financial asset is classified at fair value through statement of income if acquired principally for the purpose of generating short-term profit or if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy. All other investments are classified as available for sale.

Impairment of investments
Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments, the determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments. Impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. (Note 8) shows this effect on the consolidated financial statements.

Impairment of tangible and intangible assets

The Group reviews the tangible and intangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ from what is estimated resulting in future changes to such provisions.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation for property, plant and equipment. Group's management increased the depreciation charge where the useful lives are lower than previously estimated lives. The Group eliminates or writes down obsolete or non-strategic assets which have been disposed or sold.

5. Property, plant and equipment

	Land and buildings	Plant and equipment	Motor vehicles, computers & furniture	Projects in progress	Total
Cost					
At 1 January 2014	31,576,167	89,058,611	6,641,032	122,304,959	249,580,769
Additions	44,688	799,775	3,092,237	5,603,452	9,540,152
Transfers	2,815	-	-	(2,815)	-
Disposals	-	(97,071)	(5,280)	-	(102,351)
Foreign currency translation differences	31,851	125,175	11,292	2,332	170,650
At 31 December 2014	31,655,521	89,886,490	9,739,281	127,907,928	259,189,220
Additions	6,511	340,350	2,256,859	4,275,977	6,879,697
Transfers	49,106	140,537	-	(189,643)	-
Disposals	-	-	(119,868)	-	(119,868)
Foreign currency translation differences	31,851	130,116	13,146	2,851	177,964
At 31 December 2015	31,742,989	90,497,493	11,889,418	131,997,113	266,127,013
Accumulated depreciation and impairment					
At 1 January 2014	21,675,420	71,065,361	1,379,665	-	94,120,446
Charge for the year	550,854	1,526,352	477,994	-	2,555,200
Disposals	-	(38,146)	(283)	-	(38,429)
Impairment	406,789	587,599	23,158	-	1,017,546
Foreign currency translation differences	24,063	106,154	8,712	-	138,929
At 31 December 2014	22,657,126	73,247,320	1,889,246	-	97,793,692
Charge for the year	656,381	2,377,550	732,591	-	3,766,522
Disposals	-	-	(72,563)	-	(72,563)
Impairment	-	-	-	-	-
Foreign currency translation differences	26,852	110,782	10,179	-	147,813
At 31 December 2015	23,340,359	75,735,652	2,559,453	-	101,635,464
Net carrying value					
At 31 December 2014	8,998,395	16,639,170	7,850,035	127,907,928	161,395,528
At 31 December 2015	8,402,630	14,761,841	9,329,965	131,997,113	164,491,549

- The main projects under process represents in a construction of new Kiln for producing clinker. The total estimated cost of the project amounted to KD 128,662,685, while the cost of work performed amounted to KD 127,164,237 as at 31 December 2015 (31 December 2014: KD 125,615,203). Currently is completion of the construction of the new Kiln, where the Company's management expects the completion of the project as well as the final acceptance from the supplier during the subsequent period.

- All property, plant and equipment located on land leased from the state owned under lease for a term of five years ending in 2019.

- Depreciation has been charged to the consolidated statement of income as follows:

	2015	2014
Cost of sales	3,692,641	2,507,440
Selling, general and administrative expenses	73,881	47,760
	3,766,522	2,555,200

6. Investment properties

	2015	2014
Cost		
As at 1 January and 31 December	1,989,744	1,989,744
Accumulated depreciation		
As at 1 January	1,123,052	1,099,038
Charge for the year	24,012	24,014
As at 31 December	1,147,064	1,123,052
Carrying value	842,680	866,692

The fair value of the Group's investment property as at 31 December 2014 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuers not related to the Group. The independent valuers are registered at the related governmental bodies, and they have appropriate and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as 31 December are as follow:

	Level 2	Fair value 2015	Fair value 2014
Investment properties	4,030,000	4,030,000	3,887,000

There have been no transfers between levels during the year.

7. Investments in associates

Name of associate	Country of incorporation	Voting capital and ownership interest	Carrying value 2015	Carrying value 2014	Measurement method
Kuwait Rocks Co K.S.C.C.	Kuwait	30.00	-	-	Equity
Marine Contracting and Services Co. K.P.S.C.	Kuwait	33.39	15,516,911	15,594,249	Equity
			15,516,911	15,594,249	

The following is the movement of investment in associate's balances:

	2015	2014
Balance at 1 January	15,594,249	15,029,843
Group's share of associates results	137,055	544,095
Group's share in associates' reserves	167,384	20,311
Cash dividends received	(381,777)	-
Balance at 31 December	15,516,911	15,594,249

The Marine Contracting and Services Company shares are listed on Kuwait Stock Exchange. The fair value of Group's investments in these shares was KD 8,093,684 (31 December 2014: KD 9,009,950).

The following summarized financial information in respect of the significant associates. The summarized financial information below represents the amounts shown in the latest financial data available to those associates, which has been prepared in accordance with International Financial Reporting Standards:

Marine Contracting and Services Company:

	2015	2014
Available financial statements	Unaudited financial statements for the period ended 30 September	Unaudited financial statements for the period ended 30 September
Assets	308,740,321	231,088,016
Liabilities	216,564,027	139,531,302
Non-controlling interests	45,707,762	44,856,577
Revenue	65,708,385	58,602,119
Profit for the period	410,467	1,629,403
Other comprehensive income items for the period	501,298	60,825
Total comprehensive income	911,765	1,690,228

8. Available for sale investments

	2015	2014
Quoted shares	45,437,748	59,892,854
Unquoted shares	3,338,361	3,034,295
Foreign funds	918,875	1,444,229
	49,694,984	64,371,378

The fair value of available for sale investments was determined based on valuation levels mentioned in note 3.3.

The quoted investments included, investments amounted to KD 16,055,136 as of 31 December 2015 in National Industries Group Holding K.P.S.C. which is one of the major shareholders in the Group (KD 25,003,901 as of 31 December 2014). A study was prepared by the management for this investment to determine whether there is impairment in value or not, the management study resulted that the fair value of the investment exceeds the current market value and did not prove to be impaired in the consolidated statement of income.

Unquoted investments were stated at cost less impairment, if any, since their fair values could not be reliably determined and there have not been active markets for such investments. The available information for these investments did not indicate the existence of any impairment in value.

Available for sale investments include investments amounting to KD 605,278 as of 31 December 2015 (31 December 2014: KD 1,143,003) that were valued based on recent valuation reports available during the year from investment managers as no reports were available for these investments as the date of the consolidated financial statements.

Impairment of certain available for sale investments was recognized at KD 21,069 for the year ended 31 December 2015 (31 December 2014: KD 53,642) as a result of the significant impairment in value. This impairment was recognized in the consolidated statement of income.

Available for sale investments are denominated in the following currencies as at 31 December:

	2015	2014
Kuwaiti Dinar	48,039,417	62,443,699
US Dollar	1,281,460	1,312,918
Euro	374,107	614,761
	49,694,984	64,371,378

9. Inventories

	2015	2014
Raw materials	14,326,495	15,689,717
Finished Goods	663,665	450,960
	14,990,160	16,140,677

10. Debtors and other debit balances

	2015	2014
Amounts under collection at banks	762,489	761,470
Receivables against unconditional bank guarantees	3,147,107	4,256,527
Ministry of Commerce – difference from subsidizing cement to the public	6,875,853	4,844,728
Related parties (see note 25)	1,378,136	1,970,142
Other trade receivables	10,811,193	11,727,640
Total trade receivables	22,974,778	23,560,507
Other receivables	1,463,030	1,346,378
	24,437,808	24,906,885
Provision for doubtful debts	(2,810,307)	(2,553,953)
	21,627,501	22,352,932
Prepaid expenses	281,819	326,399
Notes receivable	1,358,205	1,631,298
	23,267,525	24,310,629

The average credit period granted to trade receivables is 60-90 days. No interest is charged on trade receivables.

The fair value of guarantees received from the debtors was KD 5,133,993 (31 December 2014: KD 5,247,348).

Receivables which are impaired and fully provided amounted to KD 2,810,307 as at 31 December 2015 (31 December 2014: KD 2,553,953).

The following is the movement on the provision for doubtful debts:

	2015	2014
Balance at beginning of the year	2,553,953	1,999,427
Provisions provided during the year	304,284	554,526
Write off during the year	(47,930)	-
Balance at end of the year	2,810,307	2,553,953

11. Investments at fair value through profit or loss

	2015	2014
Local investments	1,463,814	1,516,745
Foreign investments	6,530,367	7,405,401
	7,994,181	8,922,146

The fair value of investments at fair value through profit or loss was determined based on valuation levels mentioned in note 3.3.

Foreign investments as at 31 December 2015 include investments of KD Nil (31 December 2014: KD 105,661) that was priced based on recent available reports from investment managers during the year.

12. Cash and cash equivalents

	2015	2014
Cash on hand and at banks	9,427,601	9,853,766
Cash at investment portfolios	5,078,189	3,775,518
Deposits placed with banks	1,971,306	2,119,412
	16,477,096	15,748,696
Less: deposits for more than three months	(528,959)	-
Cash and cash equivalents	15,948,137	15,748,969

The average effective annual interest rate on bank deposits was 0.500% as at 31 December 2015 (31 December 2014: 0.625%).

13. Share capital

The company's authorized, issued and fully paid capital is KD 73,330,387 divided into 733,303,870 shares as at 31 December 2015/2014 with 100 fils per share and all shares are in cash.

14. Treasury shares

	2015	2014
Number of shares (share)	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75
Market value (KD)	7,979,288	8,080,292

The Parent Company shall maintain reserves and retained earnings equivalent to the cost of treasury shares purchased during the period owned, according to the instructions of the relevant regulatory authorities.

15. Statutory reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year before KFAS contribution, NLST, Zakat expense, and Board of Directors' remuneration is transferred to statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the paid up share capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up capital in years when profit is not sufficient for the payment of such dividend.

16. Voluntary reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year, before KFAS contribution, NLST, Zakat expenses, and Board of Directors' remuneration, is transferred to the voluntary reserve. Such transfer may be discontinued by a resolution of the Shareholders' General Assembly upon recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

17. Loans, bank facilities and Murabaha

	2015	2014
Non-current portion		
Loans	27,505,386	39,262,904
Murabaha	33,072,235	32,509,660
	60,577,621	71,772,564
Current portion		
Loans	10,658,000	12,733,909
Murabaha	11,896,814	4,486,527
	22,554,814	17,220,436
Total loans, bank facilities and Murabaha	83,132,435	88,993,000

The effective annual interest rate on loans, bank facilities and Murabaha was 3.125% as at 31 December 2015 (31 December 2014: 3.125%).

Certain loans are secured by company's factory and its all extensions amounted to KD 15,561,649 as of 31 December 2015 (2014 December 2012: KD 16,588,259) and also quoted available for sale investments with fair value of KD Nil as of 31 December 2014 (31 December 2015: KD 1,586,500).

One of the main loans, bank facilities and Murabaha covenants is that the Group will not distribute dividends if the ratio of current assets to current liabilities decreases less than (1-1.5) and not to pledge movable and non-movable funds to others before obtaining written approval from the bank. The loans and Murabaha covenants also state that the ratio of net debts to operating profit not be more than (1:8) and the ratio of operating profit to interests not be less than (1:2) and the ratio of net debts to equity increases not be more than (1:0.8) and the ratio of liabilities to equity not be more than (1:1.3).

Loans, bank facilities and Murabaha are denominated in the following currencies as at 31 December:

	2015	2014
Kuwaiti Dinar	66,267,126	65,887,789
US Dollar	16,865,309	23,105,211
	83,132,435	88,993,000

18. Payables and other credit balances

	2015	2014
Suppliers	13,797,229	12,646,694
Retentions payable	2,027,364	4,058,322
Accrued interest and expenses	2,562,812	2,668,562
Notes payable	676,375	680,168
Customers advance payments	1,026,258	1,635,663
Dividends payable	689,649	615,223
Contribution to Kuwait Foundation for the Advancement of Sciences	192,981	166,810
National Labor Support Tax	440,724	435,020
Zakat	116,591	112,269
Other	182,091	99,057
	21,712,074	23,117,788

19. Cost of sales

	2015	2014
Raw material	56,956,881	51,065,083
Change in finish goods	(139,481)	102,020
Salaries and benefits	3,022,138	4,416,788
Depreciation and amortization	2,270,514	806,307
Lease rentals	327,900	282,435
Supplies and maintenance	4,559,304	2,244,433
Other	856,561	806,352
	67,853,817	59,723,418

20. Other operating (expenses)/income

	2015	2014
Net gain from investment properties	99,593	103,609
Other income	327,377	1,383,097
Net loss from exchange differences	(857,585)	(1,275,183)
	(430,615)	211,523

21. Net profit on investments

	2015	2014
Investments at fair value through statement of income:		
Unrealised gain	291,852	533,169
Realised gains	-	42,747
Cash dividends	44,096	236,156
	335,948	812,072
Available for sale investments:		
Impairment	(21,069)	(53,642)
Realised gains	11,210	605,234
Cash dividends	3,013,861	1,080,286
Portfolio management fees	(115,603)	(143,744)
	2,888,399	1,488,134
	3,224,347	2,300,206

22. Earnings per share

Earnings per share are calculated by dividing the net profit for the year by the weighted average of the number of the existing ordinary shares determined based on number of existing shares of issued capital during the year, taking into account treasury shares. The calculation of earnings per share is as follows:

	2015	2014
Net profit for the year	19,294,693	17,322,512
Weighted average number of outstanding shares during the year (share)	713,103,141	713,103,141
Earnings per share (fils)	27.06	24.29

23. Staff costs

Staff costs include wages, salaries, leave, end of service's indemnity and other benefits for the Group's staff. The staff costs for the year ended 31 December 2015 was KD 9,374,410 (31 December 2014: KD 8,050,075).

24. Dividends

On 29 April 2015, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2014, and approved distributing cash dividends at 18 fils per share after deducting treasury shares.
On 21 March 2016 the Parent Company's Board of Directors proposed to distribute cash dividends at 20 fils per share after deducting treasury shares from the paid up capital for year 2015.

25. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the year ended 31 December 2015. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Following is a summary of significant related party transactions and outstanding balances:

	2015	2014
Transactions		
Sales	4,198,806	4,327,942
Key management benefits		
Executive committees fees	120,000	120,000
Salaries and other benefits	682,200	681,300
Balances		
Debtors and other debit balances (Note 10)	1,378,136	1,970,142
Provision for employees' end of service indemnity	475,347	474,355

All transactions with related parties are subject to the approval of the shareholders of the General Assembly.

26. Contingent liabilities and capital commitments

	2015	2014
Contingent liabilities		
Letters of guarantee	416,133	440,681
Capital commitments		
Letters of credit	160,529	914,028
Uncalled subscription relating to available for sale investments	-	-
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	16,175,612	11,031,428
Projects in progress	1,498,448	1,836,670

There is a dispute between the Parent Company and a supplier related to the financial liabilities resulting from the termination of a contract for supplying raw materials signed between the two parties. The party has a financial claimed. The Parent Company's management has submitted a request to the Judicial Arbitration Department to be discharged from any financial liability resulting from the termination of such contract. During the current period, a sentence has been issued discharging the Parent Company from any financial liabilities for the supplier. The dispute has not yet been settled with the supplier, and Parent Company's management believes that the provisions provided are sufficient against any financial liabilities that may arise from such dispute.

27. Segment financial information

The management has classified its significant operating sectors as follows:

- Manufacturing sector which includes production and sale cement & ready – mix cement.
- Investments sector.

Financial information about business segments for the year ended 31 December is as follows:

	2015		
	Manufacturing sector	**Investment sector**	**Total**
Segments revenues	92,943,626	3,460,995	96,404,621
Gross segments profit	19,424,579	3,460,995	22,885,574
Segments assets	214,251,308	79,126,945	293,378,253

	2014		
	Manufacturing sector	**Investment sector**	**Total**
Segments revenues	84,881,734	2,947,910	87,829,644
Gross segments profit	18,074,119	2,947,910	21,022,029
Segments assets	214,652,479	93,529,983	308,182,462

	2015	**2014**
Adjustments:		
Total segments profit	22,885,574	21,022,029
Financing charges	(2,746,264)	(2,916,986)
Interest income	39,861	62,783
Net segments profit before deductions	20,179,171	18,167,826

Geographical segments:

Financial information about geographical segments for the year ended 31 December are set out below:

	2015		
	Revenue	**Assets**	**Liabilities**
Inside Kuwait	91,272,085	281,683,636	105,826,316
Outside Kuwait	5,132,536	11,694,617	1,423,567
	96,404,621	293,378,253	107,249,883

	2014		
	Revenue	**Assets**	**Liabilities**
Inside Kuwait	83,578,026	295,685,534	113,133,108
Outside Kuwait	4,251,618	12,496,928	1,233,584
	87,829,644	308,182,462	114,366,692