Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

Consolidated financial statements and independent auditors' report
For the year ended 31 December 2014

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS' OF SHUAIBA INDUSTRIAL COMPANY K.P.S.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and 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 Kuwait Companies Law No. 25 of 2012 and it's Executive Regulations, as amended, 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 Kuwait Companies Law No. 25 of 2012 and it's Executive Regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the year ended 31 December 2014, that might have had a material effect on the business of the Group or its consolidated financial position.

Qais M. Al-Nisf
License No. 38-A
BDO Al Nisf & Partners

Barrak Al-Ateeqi
Licence No. 69 "A"
Al-Ateeqi Certified Accountants
Member firm of B.K.R. International

Kuwait: 3 March 2015

Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

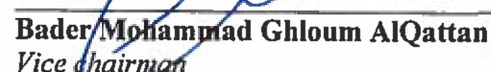
Consolidated statement of financial position

As at 31 December 2014

	Note	2014 KD	2013 KD
Assets			
Non-current assets			
Property, plant and equipment	5	8,541,058	8,831,688
Investment in associate	6	2,590,021	2,550,930
Available for sale financial assets	7	36,843	36,843
		11,167,922	11,419,461
Current assets			
Inventories	8	3,694,810	3,258,961
Trade receivables	9	2,249,904	2,618,960
Other receivables	10	241,089	130,525
Financial assets at fair value through profit or loss	11	253,406	347,740
Cash and cash equivalents	12	2,854,587	1,766,750
		9,293,796	8,122,936
Total assets		20,461,718	19,542,397
Equity and Liabilities			
Equity			
Share capital	13	6,444,275	6,137,405
Share premium	14	2,294,444	2,294,444
Statutory reserve	15	1,803,237	1,653,044
Voluntary reserve	16	1,712,229	1,562,036
Treasury shares	17	(253,265)	(253,265)
Treasury shares reserve		404,979	404,979
Foreign currency translation reserve		263,838	20,668
Retained earnings		4,659,964	4,579,106
Total equity		17,329,701	16,398,417
Non-current liabilities			
Non current portion of term loans	18	456,000	477,941
Provision for staff indemnity		482,090	408,119
		938,090	886,060
Current liabilities			
Trade and other payables	19	1,951,986	2,057,920
Current portion of term loans	18	241,941	200,000
		2,193,927	2,257,920
Total liabilities		3,132,017	3,143,980
Total equity and liabilities		20,461,718	19,542,397

The notes on pages 8 to 37 form an integral part of these consolidated financial statements.

Saleh Omran Abdullah Kannan
Chairman



Bader Mohammad Ghloum AlQattan
Vice chairman

Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

Consolidated statement of profit or loss

For the year ended 31 December 2014

	Note	2014 KD	2013 KD
Revenue		13,579,388	13,198,348
Cost of sales		(10,715,285)	(10,572,008)
Gross profit		2,864,103	2,626,340
Unrealised loss on financial assets at fair value through profit or loss		(94,334)	(147,159)
Realised gain on sale of financial assets at fair value through profit or loss		-	86,592
Gain on sale of available for sale financial assets		-	38,877
Share of results of associate	6	127,774	295,164
Foreign exchange gain / (loss)		68,871	(25,769)
Other income		78,892	73,715
General and administrative expenses	20	(733,157)	(636,878)
Selling and distribution expenses		(760,414)	(749,667)
Finance costs		(49,810)	(40,156)
Impairment loss on available for sale financial assets	7	-	(103,500)
Provision for doubtful debts	9	-	(39,923)
Reversal of provision for doubtful debts	9	-	19,533
Reversal of impairment on property, plant and equipment		-	40,184
Reversal of provision for slow moving inventories		-	31,604
Profit on disposal of property, plant and equipment		-	5,003
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' remuneration		1,501,925	1,473,960
KFAS		(13,517)	(13,266)
NLST		(39,392)	(36,849)
Zakat		(15,757)	(16,716)
Board of Directors' remuneration		(25,000)	(25,000)
Profit for the year	21	1,408,259	1,382,129
Earnings per share (Basic and diluted) (fils)	22	22.35	21.93

The notes on pages 8 to 37 form an integral part of these consolidated financial statements.

Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December 2014

	2014 KD	2013 KD
Profit for the year	1,408,259	1,382,129
Other comprehensive income:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Available for sale financial assets:		
-Change in fair value	-	(32,927)
-Gain on sale of available for sale financial assets transferred to consolidated statement of profit or loss	-	(38,877)
-Transferred to consolidated statement of profit or loss on impairment	-	103,500
Foreign exchange translation adjustments	243,170	4,452
Other comprehensive income for the year	243,170	36,148
Total comprehensive income for the year	1,651,429	1,418,277

The notes on pages 8 to 37 form an integral part of these consolidated financial statements.

Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 31 December 2012	6,137,405	2,294,444	1,505,648	1,414,640	(253,265)	404,979	(31,696)	16,216	4,091,889	15,580,260
Profit for the year	-	-	-	-	-	-	-	-	1,382,129	1,382,129
Other comprehensive income for the year	-	-	-	-	-	-	31,696	4,452	-	36,148
Total comprehensive income for the year	-	-	-	-	-	-	31,696	4,452	1,382,129	1,418,277
Dividends (note 27)	-	-	-	-	-	-	-	-	(600,120)	(600,120)
Transfer to reserves	-	-	147,396	147,396	-	-	-	-	(294,792)	-
Balance at 31 December 2013	6,137,405	2,294,444	1,653,044	1,562,036	(253,265)	404,979	-	20,668	4,579,106	16,398,417
Profit for the year	-	-	-	-	-	-	-	-	1,408,259	1,408,259
Other comprehensive income for the year	-	-	-	-	-	-	-	243,170	-	243,170
Total comprehensive income for the year	-	-	-	-	-	-	-	243,170	1,408,259	1,651,429
Issue of bonus shares (note 27)	306,870	-	-	-	-	-	-	-	(306,870)	-
Dividends (note 27)	-	-	-	-	-	-	-	-	(720,145)	(720,145)
Transfer to reserves	-	-	150,193	150,193	-	-	-	-	(300,386)	-
Balance at 31 December 2014	6,444,275	2,294,444	1,803,237	1,712,229	(253,265)	404,979	-	263,838	4,659,964	17,329,701

The notes on pages 8 to 37 form an integral part of these consolidated financial statements.

Shuaiba Industrial Company K.P.S.C. and its subsidiary
Kuwait

Consolidated statement of cash flows

For the year ended 31 December 2014

	Note	2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the year		1,408,259	1,382,129
Adjustments for:			
Depreciation		453,332	446,039
Finance costs		49,810	40,156
Provision for staff indemnity		91,088	76,145
Impairment loss on available for sale financial assets		-	103,500
Provision for doubtful debts		-	39,923
Reversal of provision for doubtful debts		-	(19,533)
Reversal of impairment on property, plant and equipment		-	(40,184)
Reversal of provision for slow moving inventories		-	(31,604)
Gain on sale of available for sale financial assets		-	(38,877)
Profit on disposal of property, plant and equipment		-	(5,003)
Realised gain on sale of financial assets at fair value through profit or loss		-	(86,592)
Unrealised loss on financial assets at fair value through profit or loss		94,334	147,159
Share of results of associate		(127,774)	(295,164)
		1,969,049	1,718,094
Inventories		(435,849)	(104,668)
Trade receivables		369,056	(853,665)
Other receivables		(110,564)	(24,794)
Due from related party		-	66,000
Trade and other payables		(105,934)	464,538
Notes payables		-	(204,765)
Cash generated from operations		1,685,758	1,060,740
Staff indemnity paid		(17,334)	(16,547)
Net cash generated from operating activities		1,668,424	1,044,193
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit or loss		-	(277,586)
Proceed from sale of financial assets at fair value through profit or loss		-	347,276
Purchase of property, plant and equipment		(42,009)	(317,489)
Proceeds from sale of available for sale financial assets		-	118,971
Proceeds from disposal of property, plant and equipment		-	11,442
Dividend received from an associate		180,366	100,540
Net cash generated / (used in) investing activities		138,357	(16,846)
FINANCING ACTIVITIES			
Receipt of term loan		220,000	-
Repayment of term loan		(200,000)	(200,000)
Dividends paid		(720,145)	(561,152)
Finance costs paid		(49,810)	(42,413)
Net cash used in financing activities		(749,955)	(803,565)
Effect of foreign currency translation adjustments		31,010	(2,031)
Net increase in cash and cash equivalents		1,087,836	221,751
Cash and cash equivalents at beginning of the year		1,766,750	1,544,999
Cash and cash equivalents at end of the year	12	2,854,587	1,766,750

The notes on pages 8 to 37 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Shuaiba Industrial Company K.P.S.C. ("the Parent Company"), is a public shareholding company incorporated in 1978 under the Laws of the State of Kuwait and is listed on the Kuwait Stock Exchange.

The Group comprises of the Parent Company and its subsidiary (see note 3.3).

The Parent Company is engaged in the manufacture and sale of paper products. At the annual general assembly held on 29 March 2010, the shareholders approved the Group to conduct its activities in accordance with Islamic Sharia Principles.

The address of the Parent Company's registered office is P.O. Box, 10088, Shuaiba 65451, State of Kuwait.

The Parent Company had 310 employees as at 31 December 2014 (2013: 295).

These consolidated financial statements of the Group for the year ended 31 December 2014 were authorized for issue by the Parent Company's board of directors on 3 March 2015. The shareholders general assembly has the power to amend these consolidated financial statements after issuance.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2014

A number of amendments to IFRSs and one new interpretation are effective for the current year and have been adopted in the financial statements. The nature and effect of each amendment and interpretation adopted by the Group is detailed below.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**
  Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:
  - provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
  - require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries;
  - require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

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

- **IAS 32 Offsetting Financial Assets and Financial Liabilities**
  The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:
  - the meaning of 'currently has a legally enforceable right of set-off;

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2014 (continued)

- **IAS 32 Offsetting Financial Assets and Financial Liabilities (continued)**
  - the application of simultaneous realisation and settlement;
  - the offsetting of collateral amounts;
  - the unit of account for applying the offsetting requirements.

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

- **IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**
  The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique

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

- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting**
  The amendment to IAS 39 Financial Instruments: Recognition and Measurement makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

  A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

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

IFRIC 21 Levies
The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:
- The liability is recognised progressively if the obligating event occurs over a period of time;
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2014 (continued)

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

b) New standards, interpretations and amendments not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- **IFRS 9 'Financial instruments**
This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: 'amortised cost', 'fair value through other comprehensive income' and 'fair value through profit or loss'. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new 'expected credit loss' model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) New standards, interpretations and amendments not yet effective (continued)

- **Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations**
  The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- **IFRS 14 Regulatory Deferral Accounts**
  IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- **IFRS 15 Revenue from Contracts with Customers**
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) New standards, interpretations and amendments not yet effective (continued)

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- **Annual improvements 2010-2012 Cycle**
  These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

  - **IFRS 2 Share-based Payment**
    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    - 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; and

    If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  - **IFRS 3 Business Combinations**
    The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

  - **IFRS 8 Operating Segments**
    The amendments are applied retrospectively and clarifies that:
    - An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
    - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  - **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**
    The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) New standards, interpretations and amendments not yet effective (continued)

- **IAS 24 Related Party Disclosures**
  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- **Annual improvements 2011-2013 Cycle**
  These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

  - **IFRS 3 Business Combinations**
    The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
    - Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - **IFRS 13 Fair Value Measurement**
    The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

  - **IAS 40 Investment Property**
    The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**
  The amendments 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 part) rather than the economic benefits that are consumed through use of the 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 amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Company has not used a revenue-based method to depreciate its non-current assets.

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) New standards, interpretations and amendments not yet effective (continued)

- **Amendments to IAS 27: Equity Method in Separate Financial Statements**
  The amendments will 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. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for available sale financial assets and financial assets at fair value through profit or loss that are stated at fair value.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Parent functional and presentation currency of the parent Company.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), IFRIC interpretations, and applicable requirements of Ministerial Order No. 18 of 1990.

3.3 Basis of consolidation

The consolidated financial statements comprise of the Parent Company and its subsidiaries drawn up to 31 December 2014 (see below). All subsidiaries have a reporting date of 31 December.

Where the Parent Company has control over an investee, it is classified as a subsidiary. The Parent Company controls an investee if all three of the following elements are present:
- power over the investee;
- exposure to variable returns from the investee; and
- the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of consolidation (Continued)

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Parent Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intercompany balances and transactions, including intercompany profits or losses and unrealised profits and losses are eliminated in full on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of amount of those interests at the date of original business combination and the non-controlling entity's share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities (i.e. reclassified to the consolidated statement of profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

Details of the wholly owned subsidiary is as follows:

Name of subsidiary	Principal activity	Ownership interest	Place of incorporation and operation
Advance Technologies (International Agencies) Co. W.L.L	Commercial agencies	99%	Kuwait

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, finance costs capitalised in accordance with the Group's accounting policy (see finance costs policy).

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on prospective basis. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

3.5 Impairment of non- financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Investment in associates

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

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

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

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes resulting from other comprehensive income of the associate or items recognised directly in the associate's or equity of the Group, as applicable.

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Investment in associates (continued)

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

3.7 Financial assets

Classification, initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "loans and receivables" ,"financial assets at fair value through profit or loss ," and "available for sale financial assets". the classification depends on the purpose for which financial assets were acquired and it is determined at initial recognition.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss.

A "regular way" purchase of financial assets is recognised using the trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Group has not classified any of its financial assets as held to maturity.

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

Financial assets as fair value through profit or loss
A financial asset at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are remeasured and carried at amortised cost using the effective yield method, less impairment. Loans and receivables include Cash and Cash equivalents and Trade receivables.

Cash and cash equivalents
Cash on hand, bank demand account balances, time deposits with banks whose maturines do not exceed a period of three months from acquisition date and cash balance with portfolio manager are classified as cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial asset (Continued)

Amortised cost
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective yield method. The effective yield method amortisation and the losses arising from impairment are recognised in the consolidated statement of profit or loss.

Available for sale financial assets
Available for sale financial assets include equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available for sale financial assets are measured at fair value with unrealised gain or loss recognised in other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recycled to the consolidated statement of profit or loss, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of profit or loss.

Available for sale financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where 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 asset have been impacted.

For equity investments classified as Available for Sale Financial Assets (AFS), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial asset (Continued)

For financial assets carried at amortised 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 original effective yield. Individual impairment is identified at counterparty specific level; following objective evidence the financial asset is impaired. This may be after an interest or principal payment is defaulted or when a contract covenant is breached. The present value of estimated cash flow recoverable is determined after taking into account any security held.

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 an allowance account. When an accounts receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss.

With the exception of AFS equity investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through consolidated statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised through consolidated statement of profit or loss are not reversed through consolidated statement of profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.8 Financial liabilities

Classification and subsequent measurement of financial liabilities
Financial liabilities are classified as "other than at fair value through statement of profit or loss". These are subsequently remeasured at amortised cost. Financial liabilities include Term loans and Trade and other payables.

Term Loans
Term loans are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, term loans are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the loans on an effective yield basis.

Trade and other payables
Liabilities are recognised for amount to be paid in the future for goods or services received, whether billed or not. Trade and other payables are subsequently measured at amortised cost using the effective yield method.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Inventories

Finished goods are stated at the lower of weighted average cost and net realisable value. The cost of finished products includes direct materials, direct labour and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition.

Spare parts are not intended for resale and are valued at cost after making provision for any slow moving items. Cost is determined on a weighted average basis.

All other inventory items are valued at the lower of purchased cost or net realisable value using the weighted average method after making provision for any slow moving stocks. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs.

3.10 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Statutory and voluntary reserves represents amounts transferred from profits in accordance with Kuwait Companies Law and the Parent Company's articles of association (Note 15 and 16).

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the translation reserve. Gains or losses or certain financial instruments are included in fair value reserve for available for sale financial assets.
Retained earnings include all current and prior period retained profits.

Dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders.

3.11 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognized in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves.

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

3.12 Provision for staff indemnity

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 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.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Yield income is recognised on an accrual basis using the effective yield method.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3.15 Finance costs

Finance costs primarily comprise interest on the Group's financing. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Foreign currency translation

The consolidated financial statements are presented in currency (KD), which is also the functional currency of the Parent Company.

Transactions and balances
Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Group companies
The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the reporting date. Income and expense items are translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate.

3.17 Contribution to Kuwait Foundation for the Advancement of Sciences

The Parent Company is legally required to contribute to the Kuwait Foundation for the Advancement of Sciences ("KFAS"). The Parent Company's contributions to KFAS are recognised as an expense in the period during which the Parent Company's contribution is legally required. KFAS is imposed at 1% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

3.18 National Labour Support tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

3.19 Zakat

The Group has provided for Zakat in accordance with the requirements of Law No. 46 of 2006. Zakat is imposed at 1% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent asset are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

3.21 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs cost. The operating segments used by the management of the Group to allocate resources and assess performance are consistent with the internal report provided to the chief operating decision maker. Operating segment exhibiting similar economic characteristic, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Accounting judgements

In the process of applying the Group's accounting policies, management has used judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Impairment of investments
The Group treats available for sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires significant judgement. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as financial assets at fair value through profit or loss or as available for sale financial assets.

Classification of investments as financial assets at fair value through profit or loss depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through profit or loss. All other investments are classified as available for sale.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

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

At the reporting date, gross trade receivables were KD 2,323,802 (2013: KD 2,692,858), and the provision for doubtful debts was KD 73,898 (2013: KD 73,898). Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognized in the consolidated statement of income.

Useful lives of tangible assets
As described in note 3.4, the Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Machinery	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	KD	KD	KD	KD	KD	KD	KD
Cost							
Balance at 1 January 2013	555,000	3,569,483	6,863,020	648,320	253,747	10,349	11,899,919
Additions	-	-	-	-	-	317,489	317,489
Transfers	-	30,988	-	79,428	21,400	(131,816)	-
Disposals	-	-	-	-	(54,048)	-	(54,048)
Foreign currency exchange difference	-	1,980	2,253	(178)	44	(2)	4,097
Balance at 31 December 2013	555,000	3,602,451	6,865,273	727,570	221,143	196,020	12,167,457
Additions	-	-	-	-	-	42,009	42,009
Transfers	-	-	201,327	30,702	6,000	(238,029)	-
Foreign currency exchange difference	-	57,420	65,352	4,069	1,278	-	128,119
Balance at 31 December 2014	555,000	3,659,871	7,131,952	762,341	228,421	-	12,337,585
Accumulated depreciation							
Balance at 1 January 2013	-	715,823	1,570,735	495,739	195,135	-	2,977,432
Charge for the year	-	136,451	234,743	56,191	18,654	-	446,039
Relating to disposal	-	-	-	-	(47,609)	-	(47,609)
Reversal of impairment	-	-	(40,184)	-	-	-	(40,184)
Foreign currency exchange difference	-	27	43	18	3	-	91
Balance at 31 December 2013	-	852,301	1,765,337	551,948	166,183	-	3,335,769
Charge for the year	-	141,384	237,251	56,193	18,504	-	453,332
Foreign currency exchange difference	-	2,868	3,268	906	384	-	7,426
Balance at 31 December 2014	-	996,553	2,005,856	609,047	185,071	-	3,796,527
Carrying amount							
As at 31 December 2014	555,000	2,663,318	5,126,096	153,294	43,350	-	8,541,058
As at 31 December 2013	555,000	2,750,150	5,099,936	175,622	54,960	196,020	8,831,688
Annual depreciation rates	-	3.33%	3.33%	20%	20%	-	

The Group's certain property, plant and equipment have been assigned as security for the term loan facility granted to the Group (see note 18).

The buildings are constructed on the leasehold land from the government of Kuwait and the government of Dubai.

6. INVESTMENT IN ASSOCIATE

Name of associate	Country of incorporation	Ownership interest (%) 2014	Ownership interest (%) 2013	Carrying value 2014	Carrying value 2013
		%	%	KD	KD
Yanbu Saudi Kuwaiti Paper Product Company Limited	Saudi Arabia	40	40	2,590,021	2,550,930

Summarised financial information in respect of the Group's associate is set out below:

	2014	2013
	KD	KD
Associate's financial position:		
Total assets	7,780,985	7,344,032
Total liabilities	1,305,932	966,707
Net assets	6,475,053	6,377,325
Group's share of net assets of associate	2,590,021	2,550,930
Revenues	6,747,556	7,422,308
Profit	319,436	737,909
Group's share of results of associate	127,774	295,164

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2014	2013
	KD	KD
Unquoted securities	36,843	36,843

During the year the Group recognised an impairment loss of KD nil (2013: KD 103,500) in respect of certain available for sale financial assets.

It was not possible to determine the fair value of certain unquoted securities amount to KD 36,843 (2013: KD 36,843) and hence these investments are stated at cost less impairment losses, if any. The management is not aware of any further impairment of these investments.

8. INVENTORIES

	2014	2013
	KD	KD
Raw materials	2,781,788	2,505,011
Finished goods	224,929	221,058
Spare parts	188,946	184,202
Packing materials	18,153	7,047
Goods-in-transit	579,144	439,793
	3,792,960	3,357,111
Provision for slow moving inventories	(98,150)	(98,150)
	3,694,810	3,258,961

9. TRADE RECEIVABLES

	2014 KD	2013 KD
Trade receivables	2,323,802	2,692,858
Provision for doubtful debts	(73,898)	(73,898)
	2,249,904	2,618,960

Movement in the provision for doubtful debts:

	2014 KD	2013 KD
Balance at beginning of the year	73,898	55,708
Charge for the year	-	39,923
Amounts written back to consolidated statement of profit or loss during the year	-	(19,533)
Provision used	-	(2,200)
Balance at end of the year	73,898	73,898

At the reporting date, 36.4% of the net trade receivables are due from 10 customers (2013 - 41% of the net trade receivables are due from 10 customers).

At 31 December 2014, trade receivables amounting to KD 38,949 (2013: KD 47,847) were past due but not considered to be impaired. The ageing analysis of these receivables is as follows:

Ageing of past due but not impaired trade receivable

	2014 KD	2013 KD
91 – 120 days	15,399	32,989
121 – 180 days	16,557	14,858
181 – 360 days	6,993	-
Total	38,949	47,847

At 31 December 2014, trade receivables of KD 2,210,955 (2013: KD 2,571,113) are neither past due nor impaired.

10. OTHER RECEIVABLES

	2014 KD	2013 KD
Advance to suppliers	102,344	9,398
Prepayments	88,342	80,951
Deposits	36,890	19,182
Staff receivables	10,010	17,530
Others	3,504	3,464
	241,090	130,525

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	KD	KD
Trading:		
Local quoted securities	188,906	249,740
Local funds	64,500	98,000
	253,406	347,740

Financial assets at fair value through profit or loss are managed by a portfolio manager, under a portfolio management agreement.

12. CASH AND CASH EQUIVALENTS

	2014	2013
	KD	KD
Cash at bank and on hand	2,354,112	1,339,010
Short term deposits	500,000	425,000
Cash balance with portfolio manager	475	2,740
	2,854,587	1,766,750

The Group's short term deposits with banks yield at an average rate of 0.62% (2013: 0.62%) per annum and mature within 90 days from the date of deposit.

13. SHARE CAPITAL

The authorized, issued and fully paid up share capital is KD 6,444,275 (2013: KD 6,137,405) consisting of 64,442,750 (2013: 61,374,047) shares of 100 fils each and all shares are in cash.

14. SHARE PREMIUM

The share premium account is not available for distribution.

15. STATUTORY RESERVE

In accordance with the Kuwait Companies Law, and the Parent Company's articles of association, 10% of the profit for the year is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount

16. VOLUNTARY RESERVE

As required by the Parent Company's articles of association, 10% of the profit for the year is required to be transferred to the voluntary reserve. Such annual transfers can be discontinued by resolution of shareholders in the annual general assembly meeting upon recommendation by the board of directors. There are no restrictions on the distribution of this reserve.

17. TREASURY SHARES

	2014	2013
Number of shares	1,430,462	1,361,956
Percentage of issued shares	2.22%	2.22%
Market value (KD)	357,616	347,299
Cost (KD)	253,265	253,265

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

18. TERM LOANS

	2014	2013
	KD	KD
Current portion	241,941	200,000
Non-current portion	456,000	477,941
	697,941	677,941

Term loans from a local bank carries finance cost at 3.5% (2013: 3.5%) per annum and is repayable as follows:

	2014	2013
	KD	KD
Payable in 1 year or less	241,941	200,000
Payable in 1-2 years	368,000	197,941
Payable in 2-5 years	88,000	280,000
	697,941	677,941

Certain Group's property, plant and equipment are pledged as collateral against the term loans obtained from a local bank (see note 5).

19. TRADE AND OTHER PAYABLES

	2014	2013
	KD	KD
Trade payables	1,332,725	1,465,141
Dividend payable	173,672	106,291
Employees' accrued leave pay	85,134	74,050
Advance from customers	31,658	34,452
KFAS payables	13,517	13,266
NLST payable	38,423	37,035
Zakat payable	17,947	17,391
Board of Directors' remuneration payable	25,000	25,000
Staff bonus	139,500	125,185
Accrued expenses	49,314	118,567
Accrued finance cost	4,694	5,778
Others	40,402	35,764
	1,951,986	2,057,920

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	KD	KD
Staff costs	539,196	448,469
Depreciation	26,658	28,150
Rent	19,781	11,098
Repair and maintenance	22,899	19,073
Professional fees	11,188	15,066
Others	113,435	115,022
	733,157	636,878

21. STAFF COSTS AND DEPRECIATION

Staff costs and depreciation charges are included in the consolidated statement of profit or loss under the following categories:

	2014	2013
	KD	KD
Staff costs:		
Cost of sales	922,693	794,144
General and administrative expenses	539,196	448,469
Selling and distribution expenses	141,892	148,785
	1,603,781	1,391,398
Depreciation:		
Cost of sales	425,706	416,843
General and administrative expenses	26,658	28,150
Selling and distribution expenses	968	1,046
	453,332	446,039

22. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	2014	2013
Profit for the year (KD)	1,408,259	1,382,129
Weighted average number of shares outstanding:		
Number of issued shares	64,442,750	64,442,750
Less: Weighted average number of treasury shares	(1,430,462)	(1,430,352)
Weighted average number of shares outstanding	63,012,288	63,012,398
Earnings per share (Basic and diluted)	22.35 fils	21.93 fils

Earnings per share was 23.03 fils for the year ended 31 December 2013 before retrospective adjustment to the number of shares following the bonus issue during 2014. There are no potential diluted shares.

23. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Transactions with related parties are as follows:

	2014	2013
	KD	KD
Transactions:		
Key management compensation		
• Salaries and other short-term benefits	245,938	156,613
• Post employment benefits	20,039	10,865

24. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The management has grouped the Group's products into the following operating segments:

Industrial Packaging Division: Produces and supplies multi-wall paper sacks for industrial use.

Consumer Packaging Division: Produces and supplies various types of superior value and high quality bags and wrapping sheets to major regional and international flagships and chains.

Flexible Packaging Division: Produces and supplies multi-ply printed and laminated films, including aluminium foil lamination.

Trading Division: Aims at importing and trading various types of paper related products such as photo copier paper, offset paper, NCR, coated paper and ink.

The following is an analysis of the Group's revenue and results by operating segments for the year:

	2014	2013	2014	2013
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	9,134,514	9,067,146	1,770,486	1,662,024
Commercial Packaging Division	3,441,039	3,048,117	989,723	838,684
Flexible Packaging Division	689,360	870,940	62,298	105,577
Trading Division	314,476	212,145	41,596	20,055
	13,579,389	13,198,348	2,864,103	2,626,340
Unrealized loss on financial assets at fair value through profit or loss			(94,334)	(147,159)
Realized gain / (loss) on sale of financial assets at fair value through profit or loss			-	86,592
Gain on sale of available for sale financial assets			-	38,877
Share of results of associate			127,774	295,164
Foreign exchange loss			68,871	(25,769)
Other income			78,892	73,715
General and administrative expenses			(733,157)	(636,878)
Selling and distribution expenses			(760,414)	(749,667)
Finance costs			(49,810)	(40,156)
Impairment loss on available for sale financial assets			-	(103,500)
Provision for doubtful debts			-	(39,923)
Reversal of provision for doubtful debts			-	19,533
Reversal of impairment on property, plant and equipment			-	40,184
Reversal of provision for slow moving and obsolete inventories			-	31,604
Profit on disposal of property, plant and equipment			-	5,003
KFAS			(13,517)	(13,266)
NLST			(39,392)	(36,849)
Zakat			(15,757)	(16,716)
Board of directors' remuneration			(25,000)	(25,000)
Profit for the year			1,408,259	1,382,129

24. SEGMENT REPORTING (Continued)

The following is an analysis of the Group's revenue and segment results by geographical area for the year:

	2014	2013	2014	2013
	KD	KD	KD	KD
	Revenue		**Segment results**	
Kuwait	4,644,747	4,351,764	1,204,525	1,201,365
GCC	6,839,900	6,201,730	1,298,544	953,601
Asia	1,210,026	1,260,203	216,334	215,936
Africa	884,716	1,384,651	144,699	255,438
	13,579,389	13,198,348	2,864,102	2,626,340

For the purpose of monitoring segment performance the Group does not allocate its total assets and liabilities between segments.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group in the normal course of business uses various types of financial instruments. The information on financial risks and fair value of these financial instruments is set out below:

a. Capital risk management

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

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

The capital structure of the Group consists of term loans, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

b. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the consolidated financial statements.

c. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk are monitored on an ongoing basis. The Group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations or business through diversification of activities. The maximum credit risk exposure is not materially different from the carrying values in the consolidated financial statements.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)

d. Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to equity price risk, consist principally of financial assets at fair value through profit or loss and available for sale financial assets. The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price	Effect on profit before deduction	Effect on other comprehensive income	Change in equity price	Effect on profit before deduction	Effect on other comprehensive income
	2014	2014	2014	2013	2013	2013
	KD	KD	KD	KD	KD	KD
Kuwait and others		12,670	-	+5%	17,387	-

e. Yield rate risk

Yield rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market yield rates. Financial instruments which potentially subject in Group to interest rate risk consist primarily term loans in Kuwait Dinar at fixed rates of interest.

f. Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group incurs foreign currency risk on sales, purchases and certain investments that are denominated in a currency other than Kuwaiti Dinars. As at the reporting date the Group had the following net long exposure denominated in foreign currencies:

	2014	2013
	KD	KD
United States Dollar	77,669	435,345
Saudi Arabian Riyals	26,319	79,956
United Arab Emirate Dirhams	433,444	250,454
Omani Riyal	75,544	81,363
Euro	107,924	60,203

The effect on profit before KFAS, NLST, Zakat and Board of Directors' remuneration (due to change in the fair value of monetary assets and liabilities), as a result of change in currency rate by 1% is KD 7,209 (2013: KD 9,073).

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)

g. 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 daily basis.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2014	Less than 1 year	1 to 2 years	2 to 5 years	Total
		KD	KD	KD
Term loan	241,941	368,000	88,000	697,941
Trade and other payables	1,951,986	-	-	1,951,986

At 31 December 2013	Less than 1 year	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD
Term loan	200,000	197,941	280,000	677,941
Trade and other payables	2,057,920	-	-	2,057,920

h. Fair value of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 : inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : inputs are unobservable inputs for the asset or liability.

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)

31 December 2014	Level 1	Level 2	Total
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	188,906	-	188,906
Local funds	-	64,500	64,500
Total	188,906	64,500	253,406

31 December 2013	Level 1	Level 2	Total
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	249,740	-	249,740
Local funds	-	98,000	98,000
Total	249,740	98,000	347,740

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the fund is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Fund has no investments in Level 3.

All other financial assets and financial liabilities carried at amortised cost approximate their fair values at the financial position date.

26. COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
	KD	KD
Capital commitments		
For the acquisition of property, plant and equipment	229,728	-
Contingent liabilities		
Letters of credit	1,348,742	376,778
Letters of guarantee	60,753	12,520
	1,409,495	389,298

Operating lease commitments

The minimum operating lease commitments under non-cancellable operating leases are as follows:

	2014	2013
	KD	KD
Not later than one year	50,456	34,089
Later than one year but not later than five years	201,824	132,356

27. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meetings of shareholders held on 16 April 2014, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2013 and approved a cash dividend of 12% equivalents to 12 fils per share (2012: 10% equivalent to 10 fils per share) and bonus share of 5% equivalent to 5 shares for each 100 shares (2012: Nil) to the shareholders of record as of the date of the Annual General Assembly.

The Board of Directors in their meeting held on 3 March 2015, proposed a cash dividend of 20% equivalent to 20 fils per share (2013: 12% equivalents to 12 fils per share) for the year ended 31 December 2014, and to distribute directors remuneration of KD 25,000 which subject to approval of the shareholders annual general assembly.