بسم الله الرحمن الرحيم

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السور SOOR

شركة السور لتسويق الوقود ش.م.ك

Soor Fuel Marketing Company S.A.K

ALFA ألفا

ANNUAL REPORT
2014

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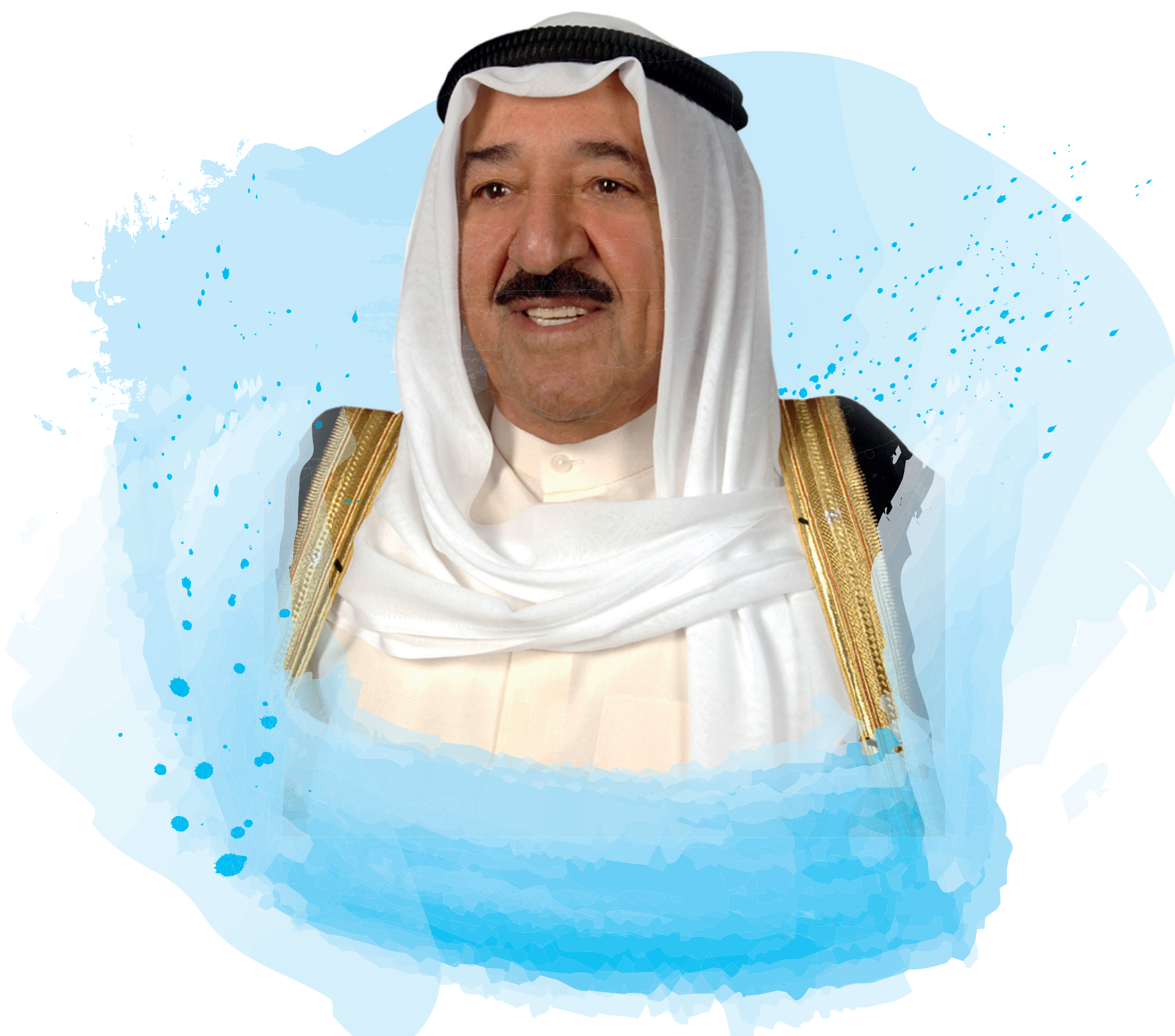

His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

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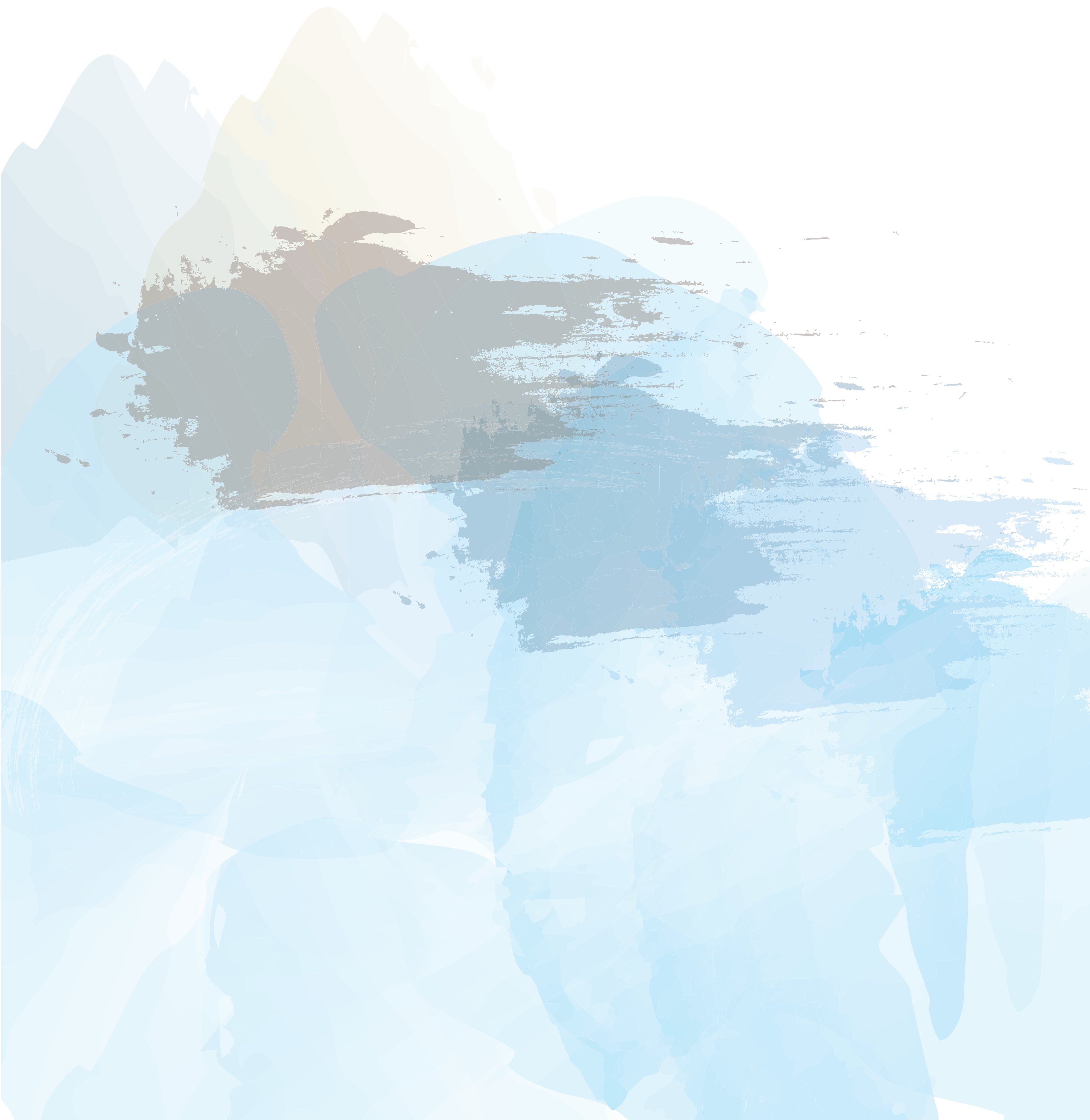

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SOOR CORPORATE PROFILE

Company's Title: Soor Fuel Marketing Co (K. S. C.)
Commercial Registry & Date: 113393, dated 9/4/2006

Paid-Up capital: 38,543,579.100 Kuwaiti Dinar
Shared Issued & Subscribed: 385,435,791 shares
Number of shares Authorized: 300,000,000 shares
Headquarters: State of Kuwait – AlMirqab – Bl. 3 – Omar Bin Alkhatab street - KBT
P.O. Box: 28396 – Safat: 13144 – Kuwait

Soor Fuel Marketing Co (K. S. C.) was incorporated under the Amiri Decree No (297) of 2005, issued on 22/11/2005 as a Kuwaiti public shareholding company.

The business activities of the company include acquisition, construction, leasing, operation and maintenance of the petrol filling stations. The company also constructs, develops, operates and maintains customers services centers at these stations. These centers provide all services related to cars and vehicles such as oil change, car wash, maintenance services, repair and technical testing of vechiles and supermarket services.

The company provides other services such as petrol filling, storage, transfer, leasing and trading in petrol products and manufactured materials whether wholesale or retail.

The company also purchases, leases, acquires and sells lands and real estates in the various locations.

The company can perform such business in the state of Kuwait and abroad.

The company may have interests or participate in any manner with any institution which participates or buys such institutions or have them affiliates.

OUR MISSION

Soor is committed to build a reputation of quality & integrity by providing innovative products and services to the local and regional markets while promoting respect for the environment and the society.

OUR VISION

To become a leading “fuel marketing company” through acquisition, alliances and strategic partnerships – delivering diversified & integrated energy solutions – while growing in size, revenue and presence.

SOOR VALUES

LEADERSHIP & EXCELLENCE – we are committed to being leaders in our industry and our country – setting an example for excellence in all what we say & do – in our products, services & actions.

TRUST & INTEGRITY – we are committed to building a long term Relationship with our clients, partners, employees, & community – one based on mutual respect, trust and the highest standards.

GROWTH & PERFORMANCE – we are committed to providing our partners and shareholders growth opportunities and profitable returns on their investments.

COMMITMENT & DEDICATION – we are committed to achieving Our goals together – offering great work environment and professional growth opportunities to our employees.

RESPONSIBILITY / CORPORATE CITIZENSHIP – we are Committed to responsible citizenship – through active community involvement and respect for our environment.

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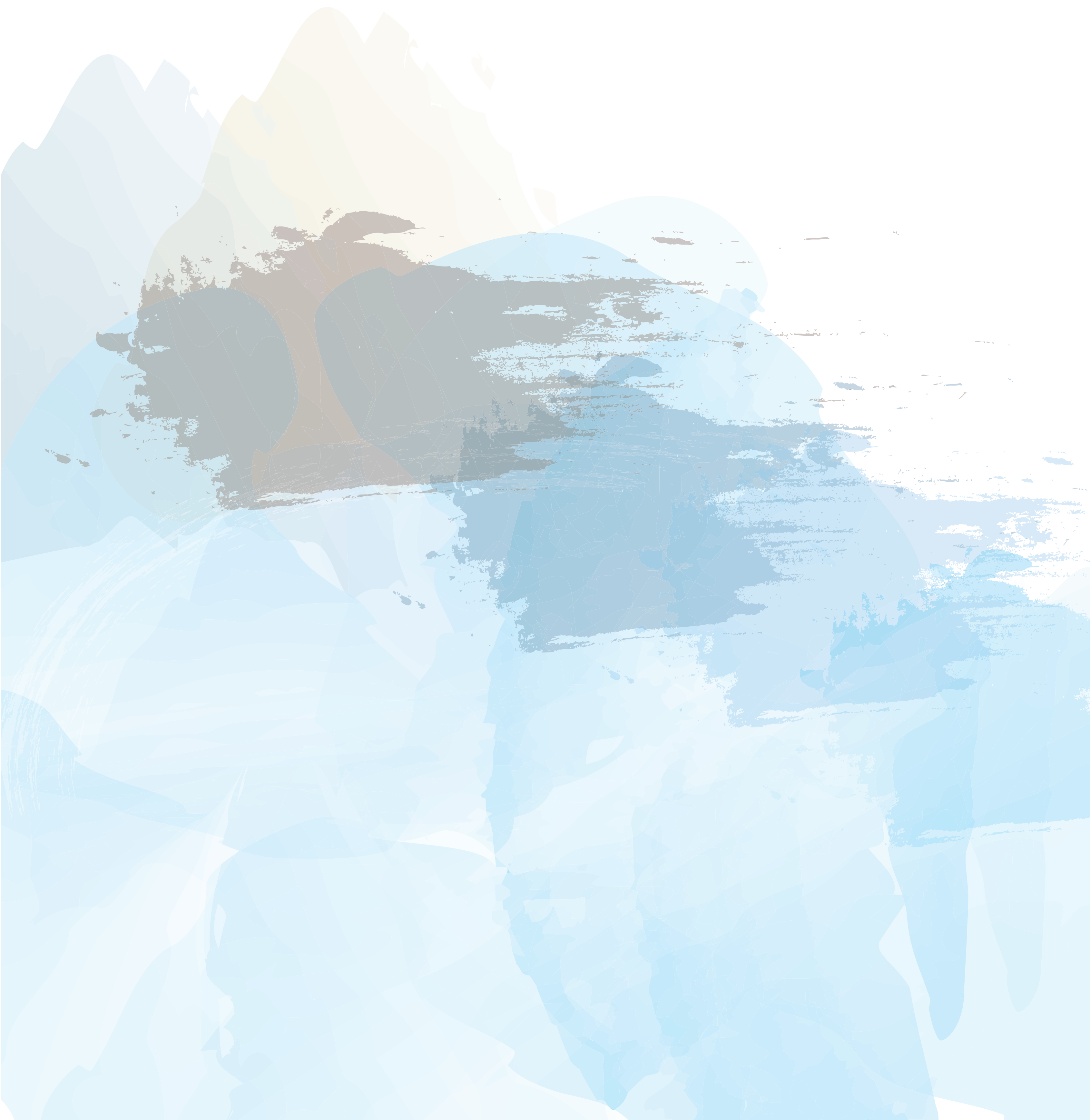
BOARD OF DIRECTORS

Mohammed Abdulatif Hayat	Chairman
Talal Ahmed AlKhars	Vice Chairman & CEO
Eng. Jaber Ahmad Ghadanfar	Board Member
Khalid Abdulaziz Al-Ajeel	Board Member
Waleed Khalid Al-Bader	Board Member
Essa Ibrahim Al-Mousa	Board Member
Mishaal Yaqoub Al-Omar	Board Member
Hani Fawaz Abdulrahman	Board Member
Tareef Mohammed Al-Awadhi	Board Member



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Executive Managers

Talal Ahmed AlKhars
Vice Chairman & CEO

Eng. Jaber Ahmed Ghadanfar
Executive Vice President Project
& Technical Support Services

Abdullah Ibrahim Ashkanani
VP, Business Development

Hani Mohammed Al-Qallaf
VP, Human Resources
& Administration

Salem Khader Al-Hasawi
VP, Sales, Marketing and PR

Ihab Gamal Ishak
VP, Finance & Accounting

Eng. Taha Ahmad Alkhars
VP, Technical Services

Eng. Abdulamir Mallah Al-Jazzaf
VP, Operations & logistics Services

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BOARD OF DIRECTORS REPORT

Dear shareholders,

May the peace and blessings of GOD be upon you,
on my behalf and of my fellow colleagues in the board of directors, the executive board and all of the employees of the company, I would like to thank you for honoring us by attending the general assembly meeting of Soor Fuel Marketing Company for fiscal year ending on December 31st of 2014 .
It is my pleasure to present the annual report of 2014, asking God for success and rectitude.
Soor Fuel Marketing Company has achieved a growth rate in sales of (7.8 %), primarily as a result of the extraordinary effort made by the executive management achieved by implementing the company's strategies from the beginning of year 2014. The company continued its prosperity by launching many projects for "Alfa" Fuel Stations taking in consideration raising the petroleum products' sales by updating and improving the stations which aims to raise the efficiency of Soor's employees.

The company has maintained the continuous execution of the environmental projects of (ALFA) fuel stations which included the Vapor Recovery System and Petroleum Spillage Drainage at West Hadiya station no.116, Rabiya Station no.91 and the execution of Rawda station no.56 has been started.

We have also started the improvement and reconstruction of Hawally station no.34 and Jleeb Al-Shiyoukh station no.46 and we add new services such as car service Center, automated car washes (SPLASH) and Central market building. Also, we increased the number of fuel pumps to 9 fuel pumps in Hawally station no.34 and 8 fuel pumps in Jleeb Al-Shiyoukh station no.46 including all petroleum products to serve as many as possible customers and provided the diesel product in both stations for small and large vehicles .
The service of diesel fuel was complied in West Hadiya station no.116 and Rabiya station no.91 .
Also to continue the construction of al Massayil station no.124 as a new point including a quick service building and an auto car wash and a central market complete with pumps providing all the petroleum products in addition to diesel.
As for Jahra station no.9, phase two of construction work was completed for the fuel pumps and diesel pumps that have 6 pumps, in which the diesel fuel area was enlarged to serve large size vehicles that, visit the station.
Within the year 2014 ,the company has made a profit estimated with 4,094,340 K.D (four million , ninety four thousands and three hundred and forty Kuwaiti dinars) from its total estimated sales of 105,631,980 K.D (one hundred five million six hundred and thirty one thousands nine hundred and eighty Kuwaiti Dinars) where the revenue per each reached share (10.72) fills and at the same time the shareholders gained 8.6 % more in 2014 with total of 53,447,501 K.D (fifty three millions four hundred forty seven thousands and five hundred and one Kuwaiti Dinars) .

It is my pleasure to take this opportunity to express my gratitude and thanks to the company's clients for their trust, and to also extend our thanks to all of the relevant government agencies (Environment Public Authority, Kuwait fire Service Directorate, Kuwait Municipality and State Property Department). Our thanks also goes to Kuwait Petroleum Company for the cooperation and support of the company's activities that lead to the desired objective of serving the fuel stations and contribute to the growth of the company in the yet to come years .

Muhammed Abdullatif Hayat
Chairman

ACHIEVEMENTS

DEVELOPMENT AND RECONSTRUCTION OF ALFA FUEL STATIONS

• Continue the Implementation of environmental projects for fuel stations which includes the Vapors Recovery System and Petroleum spillage drainage project in West Hadiya station no.116, Rabiah station no.91 and start implementing them in Rawdah station no.56.

• Start updating, developing and rebuilding Hawally station no.34, and Jeleeb Al Shiyoukh station no.46, so that each station includes quick service car center and automatic car wash in addition to building the Central Market , will also increase the number of pumps in the updated sites for a total of (9) fuel pumps in Hawally station no.34, and (8) fuel pumps at the station of Jleeb AlShiyoukh no.46 of various products to serve the largest number of customers as well as add diesel product in both stations to serve the small and large cars.

• Diesel product had been added in each of west Hadiya station no.116, and Rabiyah station no.91.

• Completing the construction of Massayel station no.124; a new fuel station including quick service and automatic car wash and building the Central Market and the refueling of area with all the petroleum various products in addition to the diesel.

• Completing the second phase construction of the refueling diesel area at Jahra station no.91.

• Reducing the closing of closure duration of stations during maintenance and construction work.

• Providing safe and certified empty cans for sale through stations for petroleum products to maintain the customers' safety.

• Monitoring and following-up petroleum products movement in stations by the live broadcast via Internet to ensure the availability of required quantities required in all ALFA stations.

• Acquiring the approval of the Ministry of Transportation to install the strengthening transmission and receiving towers of Zain Telecom in ALFA stations.

• signed a contract for investing in central market with International Trolley Food stuff company W.CC. in Hiteen station no.117 and Abu-Hulifa station no.8.

MARKETING ACHIEVEMENTS

Social Responsibility

• Soor Fuel Marketing Company participated in the charity day for orphans that had been held by AlMaidan Clinic, which coincided with the World Day of the orphan under the slogan "Together we make a smile", It was a sponsor and a major supporter of this unique event for orphans in Kuwait.

• Supported a distinct project for the students of the Faculty of Engineering and Petroleum at Kuwait University on how to improve the production of heavy oil which is (MEOR).

• Supported Al Seef Hospital by providing safe car seats for newborn babies in order to raise awareness of ensuring the safety and security of children while they are in vehicles.

• Prepared a motivational competition for the company's employees during the World Cup and the winners received valuable prizes.

Sales development

• ALFA fuel cards to sales reached 115,300 card in 2014.

• Postpaid and prepaid cards sales ratio compared with the year 2013 has increased by 32 %.

Market share

According to what has been said and thanks to senior management decisions of the company and the efforts of employees of Al Soor Fuel Marketing Company in the implementation of strategies and marketing plans for 2014, the company has ached continuous positive results for the sixth consecutive year of fuel sales reaching 36% of the market share.

SPLASH AUTO CARWASH STATION

• The trademark (Splash) for automatic carwash stations had been registreted at the Ministry of Trade and Industry.

• Trained stations' operators to run the automated car wash station in line with the requirements of the station and raise the efficiency and quality of service in the washing stations, thus raising the percentage of sales and number of vehicles movement in our stations.

• Special prepared storage place at Eqilah car wash station no.123 that includes all supplies and equipments for carwash services (accordance with the conditions and the requirements of the Kuwait National Petrolume Company).

• Assigned kuwaiti station attendants for car wash stations to promote our services, raise sales level and rais the quality of customer service.

•Washing in high-pressure tire service has been added along with other basic services to automatic carwash stations.

• Provided several types of washing machines with high quality and efficiency.

• provided an equipped waiting rooms for our car wash stations' customers .

• (Splash) automated carwash stations are strategically located in 13 fuel stations distributed in Kuwait.

•Extending working hours of car wash stations to raise the level of Sales and meet the desire of our costumers.

SAFETY , ENVIRONMENT AND HEALTH

• ALFA fuel stations are the first stations in installing and adopting modern global environmental regulations in Kuwait even before being approved by the official authorities in order to cope with the environment and global developments in this field, are as follows:

o **Vapor Recover y System:** This system has been installed to recover the volatile vapors during unloading and uploading fuel form trucks, refueling costumers vehicle and then return it back to the tanks again .

o **Measuring the stock movement of petroleum products system ATG:** connecting this system electronically between stations, the main office and the warehouse of KNPC to submit reports that contributing to inventory control and to identify faults and detect any leaking fuel out of the fuel tanks and supply terminals with petroleum derivatives automatically. System was tested in 2012 and in 2013 was installed in all stations in cooperation with KNPC.

o **Petroleum Spillage Drainage:** building a drain to collect petroleum spills for disposal through an environmental system according to the requirements of the Environmental General Board , and transporting them through certified carriers.

- Withdrawal of industrial waste resulting from automated car wash and recycle it according to the Environment Public Authority and Kuwait National Petroleum Company).
- Issuing a list of conditions and obligations to investors and contractors, which is for safety, health, environment and quality of operating while carrying out business in ALFA stations.
- Activated a system for reducing the use of papers and relied on mail to avoid wasting paper.
- separated the hazardous waste from non-hazardous wastes that result from stations.
- Provided dedicated containers for recycling in a one fuel station (as a trial process and for spreeding environmental awareness for clients and staff in the station).
- Carry out a placebo evacuation in Shuwaikh staton no.113 .
- Obtained three international certificates for the fourth year in a row in the ISO 9001 quality management system, and 14001 in occupational safety and health, and 18001 in quality and environmental management system.
- Executed environmental studies for company's stations in terms of soil pollution, noise, and air pollution, groundwater, and gases emitted (hydrocarbon) in collaboration with the Environment Public Authorit

HUMAN AND ADMINISTRATIVE RESOURCES

- The employment percentage of kuwaiti labor has been achieved 100% in 2014.
- Employed and trained a number of 220 kuwaiti employees in contribution to the national labor support and the fruitful cooperation with Manpower and Government Restructuring Program
- 40 newly recruited kuwaiti employees had been trained in collaboration with accredited training company in safety, health and environmental programs around fire and first aid risks.
- Holding frequent meetings and workshops to raise awareness among stations' staff and sites where the investments are for the requirements of safety, health and environment for fuel stations.
- Trained stations' staff on the criteria and principles associated with COP Code system (code of practice) in health and safety and the environment at fuel stations.
- Organizing seminars and workshops of lessons learned from accidents in stations.
- Organized training courses for staff of the SHEQ in accordance with the policy and objectives of our company.
- Built and prepared a training center in one of the stations in order to facilitate the practical side of the trainees and evaluate stations' attendants through periodic visits.
- The trademark "SPLASH" had been registered for the automated car wash stations from Ministry of Trade and Industry.
- Issuing commercial licenses to deployment of electricity and oil change area in Shaab station no.48, Shuwaikh station no.113, Eqaila station no.123, Hiteen station no.117.
- Issuing commercial licenses to fast-food restaurants in West sabahiya station no.115, Shaab station no.48, Abu-Hulifa station no.8, Jahra station no.9 stations.

FUTURE PLANS

- Complete the implementation of environmental projects in the remaining fuel stations within the modernization and development of stations according to the five year plan approved by the Kuwait National Petroleum Company.
- Reconstruction and development of Jahra station no.9 for the third phase, which includes automatic carwash and a quick service area.
- Completing the renovation, development and rebuilding what has been initiated for each Hawally station no.34 and Jleeb AlShiyoukh station no.46 .
- Renewing, developing and rebuilding Qadsiya no.22, Mansouriya no.5, AlSalmi no.125, Salwa no.13, Fahaheel no.30 and Mina Abdullah no.43.
- Future plan for (Splash) car wash stations includes opening of 6 another car washes stations in each of Massayel station no.124, jleeb Alshiyoukh station no.46, Jahra station no.9, Qadsiyah station no.22, Fahaheel station no.30, and Hawally station no.34.
- RFID system application, which guarantees refueling without the need to carry cash or credit cards to pay for the fuel value , the first of its kind in this field in Kuwait.
- Raising awareness among staff in health and environment standards in stations and investment's sites to avoid the impending accidents and save lives and property through the lessons learned from incident reports stations.
- Reducement of period of partial and total stations' closures during development and maintenance work.
- Provision of innovative products and services with competitive prices.
- Improvement of the relationship between the clients and the company through the loyality program by which the company becomes the first option of clients.


ALFA

THANK YOU

A WORD OF THANKS

Soor Fuel Marketing Company expresses its sincere gratitude and appreciation to all those who contributed to the success of the company during the financial year 2013.

On this occasion, we present our deepest gratitude to His Highness Sheihk Sabah Al-Ahmed Al Jaber Al Sabah, Amir of State of Kuwait, for his wise leadership of the State of Kuwait and his kind support for our local economy to activate the wheel of development.

We would also like to extend our thanks and gratitude for Kuwait Petroleum Corporation, Kuwait National Petroleum Company and the Ministry of Finance for their valuable help and continuous advice. We especially thank the General Authority of Environment, General directorate of Fire and Kuwait Municipality.

Soor Fuel Marketing Company extends great recognition to all the employees for their devotement and hard work that led to the great achievements last year. Thanks to their commitment and cooperation among themselves and with the company, our success had been built and will continue to progress, grow and spread.

Thank you all for your efforts and your continued support. We grow and evolve with you and by you…

Soor Fuel Marketing Company

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SOOR FUEL MARKETING COMPANY K.S.C.

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

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Ernst & Young
Al Aiban, Al Osaimi & Partners

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KUWAIT

Dr. Saud Hamad Al-Humaidi & Partners
Public Accountants

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Safat 13015 Kuwait
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL SOOR FUEL MARKETING COMPANY K.S.C.P.

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, 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.

Report on the Consolidated Financial Statements (continued)

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL SOOR FUEL MARKETING COMPANY K.S.C.P. (continued)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 25 of 2012, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, have occurred during the year ended 31 December 2014 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL-AIBAN, AL OSAIMI & PARTNERS

Dr. Saud Hamad Al-Humaidi
License No. 51 A
Of Dr. Saud Hamad Al-Humaidi & Partners
Member of Baker Tilly International

09 March 2015
Kuwait

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	Notes	2014 KD	2013 KD
Sales		**105,631,980**	97,999,207
Cost of sales	20	**(92,088,432)**	(85,455,780)
Operating expenses		**(6,822,181)**	(5,917,037)
Gross profit		**6,721,367**	6,626,390
Other income		**1,400,680**	1,011,648
Rental income		**415,824**	125,870
Net investment loss	4	**(1,145,317)**	(1,533,851)
Administrative expenses		**(3,068,943)**	(2,316,736)
Reversal of impairment of trade receivables	11	**21,933**	(439,652)
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENTOF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND DIRECTORS' REMUNERATION		**4,345,544**	4,352,973
Contribution to KFAS		**(39,110)**	(39,177)
NLST		**(108,639)**	(108,824)
Zakat		**(43,455)**	(43,530)
Directors' remuneration	14	**(60,000)**	(60,000)
PROFIT FOR THE YEAR		**4,094,340**	4101,442
BASIC AND DILUTED EARNINGS PER SHARE	5	**10.72 fils**	10.74 fils

	2014	2013
	KD	KD
Profit for the year	**4,094,340**	4,101,442
Other comprehensive income for the year		
Change in fair value of financial assets available for sale	**155,831**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,250,171**	4,101,442

	Notes	2014 KD	2013 KD
ASSETS			
Non-current assets			
Property and equipment	6	**11,875,937**	9,047,815
Intangible assets	7	**15,114,158**	15,996,775
Investment in an associate	8	**884,034**	1,202,463
Investment properties	9	**5,860,255**	1,820,000
Financial assets available for sale	10	**11,766,523**	11,049,983
		45,500,907	39,117,036
Current assets			
Inventories		**358,864**	351,686
Accounts receivable and prepayments	11	**6,368,048**	6,044,423
Financial assets at fair value through profit or loss	12	**405,891**	1,163,041
Cash and cash equivalents	13	**15,241,303**	14,132,235
		22,374,106	21,691,385
TOTAL ASSETS		**67,875,013**	60,808,421
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**38,543,579**	36,708,171
Statutory reserve	15	**3,448,838**	3,014,284
Voluntary reserve	16	**3,448,838**	3,014,284
Treasury Shares	17	**(760,279)**	(760,279)
Cumulative changes in fair value reserve		**155,831**	-
Retained earnings		**8,610,694**	7,220,870
Total equity		**53,447,501**	49,197,330
Liabilities			
Non-current liabilities			
Employees' end of service benefits		**336,132**	246,036
Current liabilities			
Accounts payable and accruals	18	**14,091,380**	11,365,055
Total liabilities		**14,427,512**	11,611,091
TOTAL EQUITY AND LIABILITIES		**67,875,013**	60,808,421

Mohamed Abdullatef Hayat
(Chairman)

Talal Ahmad Al-Khars
(Vice Chairman & CEO)

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Retained earnings KD	Cumulative change in fair value reserve KD	Total KD
Balance at 1 January 2014	36,708,171	3,014,284	3,014,284	(760,279)	7,220,870	-	49,197,330
Profit for the year	-	-	-	-	4,094,340	-	4,094,340
Other comprehensive income for the year	-	-	-	-	-	155,831	155,831
Total comprehensive income for the year	-	-	-	-	4,094,340	155,831	4,250,171
Issue of bonus shares (Note 14)	1,835,408	-	-	-	(1,835,408)	-	-
Transfer to reserves	-	434,554	434,554	-	(869,108)	-	-
Balance at 31 December 2014	**38,543,579**	**3,448,838**	**3,448,838**	**(760,279)**	**8,610,694**	155,831	**53,447,501**
Balance at 1 January 2013	34,960,162	2,578,987	2,578,987	(760,279)	7,470,371	-	46,828,228
Profit for the year	-	-	-	-	4,101,442	-	4,101,442
Other comprehensive income for the year	-	-	-	-	-		-
Total comprehensive income for the year	-	-	-	-	4,101,442	-	4,101,442
Purchase of treasury shares	-	-	-	-	(1,732,340)	-	(1,732,340)
Issue of bonus shares (Note 14)	1,748,009	-	-	-	(1,748,009)	-	-
Transfer to reserves	-	435,297	435,297	-	(870,594)	-	-
Balance at 31 December 2013	36,708,171	3,014,284	3,014,284	(760,279)	7,220,870	-	49,197,330

	Notes	2014 KD	2013 KD
OPERATING ACTIVITIES			
Profit for the year		**4,094,340**	4,101,442
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation and amortisation	6,7,9	**1,573,300**	1,306,242
Net investment loss	4	**1,145,317**	1,533,851
Provision for employees' end of service benefits		**98,997**	93,797
Reversal of impairment of trade receivables	11	(21,933)	(439,652)
		6,890,021	6,595,680
Changes in the working capital:			
Inventories		**(7,178)**	38,065
Accounts receivable and prepayments		**(301,692)**	(3,394,413)
Accounts payable and accruals		**(3,315,122)**	(1,207,618)
Cash flows from operations		**9,896,273**	2,031,714
Employees' end of service benefits paid		**(8,901)**	(54,853)
Net cash flows from operating activities		**9,887,372**	1,976,861
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(3,476,086)**	(3,089,374)
Purchase of intangible assets	7	**(1,741)**	(152,996)
Proceeds of investment properties	9	4,081,233	-
Purchase of financial assets available for sale		**485,798**	(3,178,082)
Purchase of financial assets at fair value through profit or loss		**(402,511)**	(252,687)
Proceeds from disposal of financial assets at fair value through profit or loss		**-**	91,710
Investment income received		**257,862**	207,745
Net cash flows used in investing activities		**(8,189,507)**	(6,373,684)
FINANCING ACTIVITIES			
Dividend paid		**(588,797)**	(983,093)
Net cash flows used in financing activities		**(588,797)**	(983,093)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,109,068**	(5,379,916)
Cash and cash equivalents at 1 January		**14,132,235**	19,512,151
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**15,241,303**	14,132,235

1 ACTIVITIES

Al Soor Fuel Marketing Company K.S.C.P. (the "Parent Company") is a Kuwaiti shareholding company incorporated on 20 March 2006 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and commenced its operations on 9 May 2006. The Parent Company's shares were listed on the Kuwait Stock Exchange on 30 June 2008.

The consolidated financial statements of the Parent Company and its subsidiary (collectively the "Group") for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors' on 09 March 2015. The ordinary general assembly of the shareholders of the Parent Company has the power to amend these consolidated financial statements after their issuance.

The consolidated financial statements of the Group for the year ended 31 December 2013 approved by the shareholders of the Parent Company during the annual general assembly meeting held on 8 May 2014.

The Group conducts the following activities as set forth in Article No. 5 of the Parent Company's Articles of Association:

- Acquisition, establishment, leasing, operating, and maintenance of petrol stations;
- Establishing, developing, operating and maintaining customer service centers at petrol stations, to provide all automobile services including the changing of oil, car wash, maintenance workshop services and technical check-ups;
- The ability to fill and store fuel;
- To ship and trade in petroleum products in bulk or retail;
- The purchase, lease, acquisition, and sale of land and real estate in different locations;
- Utilizing the financial surpluses of the Group by investing them in portfolios of specialised companies and entities.

The head office of the Parent Company is P.O. Box 28396, Safat 13144, State of Kuwait.

The Parent Company is a subsidiary of Alfa Energy Company K.S.C. (Closed) (the "Ultimate Parent Company").

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

The consolidated financial statements of the Group are prepared under the historical cost convention as modified for the revaluation at fair value of financial assets at fair value through profit or loss.

Functional and presentation currency

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

2.2 BASIS OF CONSOLIDATION

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

2.2 BASIS OF CONSOLIDATION

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

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

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. All inter-group balances and transactions, including inter-group profits and unrealised profits and losses and dividends are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiaries not attributable directly, or indirectly, to the equity holders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

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

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

The subsidiary of the Group is as follows:

Name of the company	*Country of incorporation*	*Principal activities*	*Effective equity interest*	
			2014	2013
Advantage for Establishing Central Markets Company K.S.C. (Closed)	Kuwait	Operating Central Markets	96%	96%

2.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for the adoption of the following amended IASB Standards effective as of 1 January 2014:
Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since the Group does not have any offsetting arrangements.

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.

The adoption of the above mentioned amendments did not have any impact on the financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4 STANDARDS ISSUED BUT 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
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 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).

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarifies that:

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

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.

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.
- 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.

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.

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 Group has not used a revenue-based method to depreciate its non-current assets.

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 consolidated financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

The specific recognition criteria described below must also be met before revenue is recognised. The following specific recognition criteria must also be met before revenue is recognised:

Sale of fuel

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

Rendering of services

Revenue from rendering of services is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured.

Interest income

Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Taxation

National Labour Support Tax (NLST)

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

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

Zakat

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

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings on leasehold land	15 years
Installations and equipment	5-15 years
Furniture and fixtures	1-5 years
Motor vehicles	5 years

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

The carrying values of equipment and vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of equipment and vehicles that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

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

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

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

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

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Contracts backlog

Contracts backlog acquired separately are measured at cost on initial recognition. Contracts backlog acquired in business combination have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of Contracts backlog over their estimated useful lives (3 years).

The carrying amount of contracts backlog is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount.

Leasehold right

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

Leasehold right is amortised over their useful economic life (30 years) and assessed for impairment whenever there is an indication that the leasehold right may be impaired. The amortisation period and the amortisation method for leasehold right is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on leasehold rights is recognised in the consolidated statement of income.

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

License

License acquired separately is measured at cost on initial recognition. License acquired in business combination have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of license over their estimated useful lives (30 years).

The carrying amount of license is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount.

Software

Software acquired separately is measured at cost on initial recognition. The software has finite useful life and is carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated using straight line method to allocate the cost of software over its estimated useful life of 3 years. The carrying amount software is assessed and adjusted for impairment whenever there is an indication that it may be impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of results of associate is included as part of net investment loss shown on the face of the consolidated statement of income and represents result after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. In case of different reporting date of an associate, which are not more than three months from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the Group's reporting date. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment. The estimated life of the buildings is 40 years and is depreciated on a straight line basis. Land on which the property is constructed is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

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

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, as defined above.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes the purchase price, import duties, transportation, handling and other direct costs. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets (continued)

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held to maturity, receivables and loans, or financial assets available for sale, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

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

The Group's financial assets include receivables, quoted and unquoted financial instruments.

Subsequent measurement

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

Financial assets available for sale

Financial assets available for sale include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through statement of income. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Financial assets available for sale are initially recognized at cost (including transaction costs associated with the acquisition of the investment) and after initial measurement, financial assets available for sale are subsequently measured at fair value unless fair value cannot be reliably determined. Changes in fair value of available for sale are reported as other comprehensive income in fair value reserve until the investment is derecognised, at which time the cumulative change in fair value is recognised in consolidated statement of income, or determined to be impaired, at which time the fair value reserve is recognised in the consolidated statement of income in impairment loss of investment and removed from fair value reserve. Investments whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and non-trading financial assets designated upon initial recognition as at fair value through statement of income. Financial assets at fair value through profit or loss are remeasured at fair value with all changes in fair value being recorded in the consolidated statement of income. Transaction costs associated with the acquisition of financial assets at fair value through profit or loss are expensed as incurred.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in consolidated statement of income.

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Non-trading financial assets may be designated at initial recognition as financial assets designated as at fair value through statement of income if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a Group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented investment and risk management strategy.

The Group evaluated its financial assets at fair value through profit or loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through consolidated statement of income using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Trade and other receivables

These are stated at original invoice amount less provision for any doubtful accounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when incurred.

Impairment and uncollectibility of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition

of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets available for sale

For financial assets available for sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments may be impaired.

In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income – is removed from fair value reserve and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; an increase in their fair value after impairment loss is recognised directly in the fair value reserve.

Financial liabilities

Initial recognition and measurement

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

Financial liabilities are recognised initially at fair value and in the case of term loans and borrowings including directly attributable transaction costs.

The Group's financial liabilities include term loans and trade and other payables.

Subsequent measurement

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

Trade and other payables

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

Derecognition of financial assets and liabilities

A financial asset (or where applicable a part of a financial asset or a part of Group of financial assets) is de-recognised when:

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

Fair values

Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definitions of fair value is the presumption that the Parent Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

For investments, which are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to recent arm's length transactions, current fair value of another instrument that is substantially the same, an earnings multiple, or an industry specific earnings multiple or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

Investments with no reliable measures of their fair values and for which no fair value information could be obtained are carried at their initial cost less impairment in value.

The fair value of profit bearing financial instruments is estimated based on discounted cash flows using profit rates for items with similar terms and risks characteristics.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

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

Treasury shares

Treasury shares consist of the parent company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity, "treasury shares reserve", which is not distributable. Any realised 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 the statutory and voluntary reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of stock dividend increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Leases

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

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees under the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

In addition to the above, with respect to its national employees, the Group also makes contributions to Public Institution for Social Security scheme, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Segment reporting

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in consolidated statement of income.

Contingencies

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Group has used judgment and estimates principally in, but not limited to, the following:

Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Classification of financial assets and liabilities

Management decides on acquisition of financial assets whether they should be classified as financial assets carried at fair value through profit or loss or financial assets available for sale. The Group classifies financial assets as carried at fair value through profit or loss if they are acquired primarily for the purpose of short term profit making.

Classification of investments as 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 fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as financial assets at fair value through profit or loss. All other investments are classified as financial assets available for sale.

Valuation of unquoted investments

Valuation of unquoted equity securities 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;
- Earnings multiples;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- Underlying net asset base of the investment; or
- Other valuation models

The determination of the cash flows, earnings multiples and discount factors for unquoted equity securities requires significant estimation.

Impairment of financial assets available for sale

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of trade receivables

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

Impairment of non-financial assets

An asset is impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of an asset is the higher of an asset's net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An assessment is made at each statement of financial position date to determine whether there is objective evidence that an asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income.

Impairment of property and equipment, intangible assets and investment properties

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant decline in the market value beyond that which would be expected from the passage of time or normal use;
- significant changes in the technology and regulatory environments; and
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Useful lives of property and equipment

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

Impairment of investment in an associate

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associate, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Impairment of goodwill

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

4 NET INVESTMENT LOSS

	2014 KD	2013 KD
Gain on sale of investment properties		
Interest income	**105,601**	109,758
Share of results of an associate (Note 8)	**56,071**	113,443
Impairment loss on investment properties (Note 8)	**(374,500)**	-
Reversal of impairment of investment properties (Note 9)	**-**	392,200
Impairment loss on financial assets available for sale (Note 10)	**(926,953)**	(2,280,049)
Unrealised loss from financial assets at fair value through profit or loss	**(157,797)**	(15,769)
Realised gain on sale of financial assets at fair value through profit or loss	**-**	48,579
Dividend income	**152,261**	97,987
	(1,143,317)	(1,533,851)

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus

the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Parent Company did not have any diluted shares as at 31 December.

5 BASIC AND DILUTED EARNINGS PER SHARE (continued)

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the year is as follows:

	2013	2012
Profit for the year (KD)	**4,094,340**	4,101,442
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares)	**381,896,984**	381,896,984
Basic and diluted earnings per share	**10.72 fils**	10.74 fils

The basic and diluted earnings per share have been adjusted for the current and previous year following the shareholders' approval of bonus shares at the Ordinary General Assembly Meeting held on 8 May 2014 (Note 14).

6 PROPERTY AND EQUIPMENT

	Buildings on leasehold land	*Installations and equipment*	*Furniture and fixtures*	*Motor vehicles*	*Capital work in progress*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Cost:						
At 1 January 2014	2,199,051	5,903,960	1,552,570	29,924	5,609,163	15,294,668
Additions	-	40,371	9,055	-	3,426,660	3,476,086
Transfers	-	263,063	-	-	(263,063)	-
At 31 December 2014	2,199,051	6,207,394	1,561,625	29,924	8,772,760	18,770,754
Depreciation:						
At 1 January 2014	188,945	5,161,766	873,245	22,897	-	6,246,853
Charged for the year	150,954	210,821	282,524	3,665	-	647,964
At 31 December 2014	339,899	5,372,587	1,155,769	26,562	-	6,894,817
Net carrying amount:						
At 31 December 2014	**1,859,152**	**834,807**	**405,856**	**3,362**	**8,772,760**	**11,875,937**
Cost:						
At 1 January 2013	1,241,043	5,526,116	784,854	29,924	4,623,357	12,205,294
Additions	-	35,264	230,045	-	2,824,065	3,089,374
Disposals	958,008	342,580	537,671	-	(1,838,259)	-
At 31 December 2013	2,199,051	5,903,960	1,552,570	29,924	5,609,163	15,294,668
Depreciation:						
At 1 January 2013	80,665	4,999,700	747,030	18,023	-	5,845,418
Charged for the year	108,280	162,066	126,215	4,874	-	401,435
At 31 December 2013	188,945	5,161,766	873,245	22,897	-	6,246,853
Net carrying amount:						
At 31 December 2012	2,010,106	742,194	679,325	7,027	5,609,163	9,047,815

Fuel stations are constructed on land leased from the Government of Kuwait. Capital work in progress represents major renovations and significant improvements being carried out at the fuel stations.

Depreciation expense is allocated between operating expenses of KD 365,442 (2013: KD 275,219) and administrative expenses of KD 282,522 (2013: KD 126,216) in the consolidated statement of income.

7 INTANGIBLE ASSETS

	Goodwill	*Contracts backlog*	*Leasehold rights*	*Licenses*	*Software*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Cost:						
At 1 January 2014	210,483	555,877	19,087,811	1,725,128	361,753	21,941,052
Additions	-	-	-	-	1,741	1,741
At 31 December 2014	210,483	555,877	19,087,811	1,725,128	363,494	21,942,793
Amortisation:						
At 1 January 2014	-	416,907	4,877,995	440,868	208,507	5,944,277
Charged for the year	-	138,969	636,260	57,504	51,625	884,358
At 31 December 2014	-	555,876	5,514,255	498,372	260,132	6,828,635
Net carrying amount:						
At 31 December 2014	**210,483**	**1**	**13,573,556**	**1,226,756**	**103,362**	**15,114,158**
Cost:						
At 1 January 2013	210,483	555,877	19,087,811	1,725,128	208,757	21,788,056
Additions	-	-	-	-	152,996	152,996
At 31 December 2013	210,483	555,877	19,087,811	1,725,128	361,753	21,941,052
Amortisation:						
At 1 January 2013	-	231,615	4,241,735	383,364	204,956	5,061,670
Charged for the year	-	185,292	636,260	57,504	3,551	882,607
At 31 December 2013	-	416,907	4,877,995	440,868	208,507	5,944,277
Net carrying amount:						
At 31 December 2013	210,483	138,970	14,209,816	1,284,260	153,246	15,996,775

Amortisation expense is allocated between operating expenses of KD 693,764 (2013: KD 693,765) and administrative expenses of KD 190,594 (2013: KD 188,842) in the consolidated statement of income.

8 INVESTMENT IN AN ASSOCIATE

Details of an associate are as follows:

Name of the company	Country of incorporation	Principal activity	Effective equity interest 2014	Effective equity interest 2013
Metalix Energy Company K.S.C. (Closed)	*Kuwait*	*Contracting services for oil sector*	**35%**	35%

The movement of the investment in an associate during the year is as follows:

	2014 KD	2013 KD
Carrying value at 1 January	**1,202,463**	1,089,020
Share of results of an associate (Note 4)	**56,071**	113,443
Impairment loss on investment in an associate *	**(374,500)**	-
Carrying value at 31 December	**884,034**	1,201,463

* The Parent Company carried out an impairment test and recorded impairment loss of KD 374,500 as at 31 December 2014 (2013: Nil). The Parent Company calculated the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognised the loss as "Impairment loss of investment in an associate" in the consolidated statement of income. The recoverable amount represents the fair value less costs to sell.

The following table illustrates summarised financial information of the Group's investment in its associate:

	2014 KD	2013 KD
Total assets	**3,733,457**	3,539,220
Total liabilities	**(137,645)**	(103,611)
Equity	**3,595,812**	3,435,609
Group's ownership in associate's net assets	**35%**	35%
Impairment loss on investment in an associate	**1,258,534**	1,202,463
	(374,500)	-
	884,034	1,202,463
Share of the associate's revenue and results:		
Revenue	**222,288**	334,221
Results for the year	**56,071**	113,443

9 INVESTMENT PROPERTIES

	Freehold land	*Buildings*	*Total*
	KD	*KD*	*KD*
Cost:			
At 1 January 2014	1,100,000	888,000	1,988,000
Additions	3,379,233	702,000	4,081,233
At 1 January 2014	4,479,233	1,590,000	6,069,233
Depreciation:			
At 1 January 2014	-	168,000	168,000
Charge for the year	-	40,978	40,978
At 31 December 2014	-	208,978	208,978
Net carrying amount:			
At 31 December 2013	**4,479,233**	**1,381,022**	**5,860,255**
Cost:			
At 1 January 2013	1,100,000	888,000	1,988,000
At 31 December 2013	1,100,000	888,000	1,988,000
Depreciation:			
At 1 January 2013		538,000	538,000
Impairment	-	(392,200)	(392,200)
Charge for the year	-	22,200	22,200
At 31 December 2013	-	168,000	168,000
Net carrying amount:			
At 31 December 2013	1,100,000	720,000	1,820,000

* As at 31 December 2014, the fair value of the investment properties amounted to KD 6,668,831(2013: KD 1,820,000).

The fair value of the investment properties has been determined based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of investment properties. One of these valuers is a local bank who has valued the investment properties using Income Capitalization Approach.

Investment properties with total amount of KD 1,306,831 (2013: Nil) is managed through a related party (Note 20).

10 FINANCIAL ASSETS AVAILABLE FOR SALE

	2013	2012
	KD	*KD*
Managed portfolios (local equity securities)		
Quoted equity security	895,195	-
Unquoted equity securities	10,871,328	11,049,983
	11,766,523	11,049,983

As at 31 December 2014, unquoted equity securities of KD 10,871,328 (2013: KD 11,049,983) are carried at cost. Management has performed a review of these investments to assess whether any impairment has occurred in their value and accordingly, an impairment loss of KD 926,953 (2013: KD 2,280,049) was recognised in the consolidated statement of income for the year ended 31 December 2014 (Note 4).

Managed portfolios are managed by a related party (Note 20).

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2014	2013
	KD	*KD*
Trade receivables	**3,210,434**	2,433,655
Advance payment for purchase investment properties	**2,724,139**	3,158,475
Prepaid expenses	**311,197**	389,827
Other receivables	**122,278**	62,466
	6,368,048	6,044,423

As at 31 December 2014, trade receivables of KD 90,530 (2013: KD 112,463) were impaired and fully provided for.

Movements in the allowance for impairment of trade receivables were as follows:

	2014	2013
	KD	*KD*
Opening balance	**112,463**	552,115
(Reversal) charged during the year	**(21,933)**	(439,652)
	90,530	112,463

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS

The ageing of unimpaired trade receivables at 31 December is as follows:

		Past due but not impaired			
	Total	*30 – 60 days*	*60 – 90 day*	*90 – 120 day*	*>120 days*
	KD	*KD*	*KD*	*KD*	*KD*
2014	**3,199,038**	**1,755,466**	**421,159**	**457,396**	**565,017**
2013	2,394,616	1,741,516	325,818	109,212	218,070

Receivables which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	KD	*KD*
Financial assets held for trading:		
Managed portfolio (local quoted equity securities)	**405,891**	1,163,041

Managed portfolio is managed by a related party (Note 20).

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following consolidated statement of financial position amounts:

	2014	2013
	KD	*KD*
Cash in hand	**1,075**	1,629
Cash in portfolios	**1,446,786**	174,114
Bank balances	**3,793,442**	4,359,492
Short-term deposits	**10,000,000**	9,597,000
	15,241,303	14,132,235

Short-term deposits are placed with local banks, denominated in KD and carry an effective interest rate of 1.27% (2013: 1%) per annum and mature after one month from the date of deposit.

14 SHARE CAPITAL, CASH DIVIDEND AND BONUS SHARES

	Authorised, issued and fully paid	
	2014	**2012**
	KD	*KD*
385,435,791 shares, (2013: 367,081,706) of 100 fils paid in cash and issue of bonus shares	38,543,579	36,708,171

Cash dividend and bonus shares

On 9 March 2015, the Parent Company's Board of Directors' have proposed a distribution of 5% of bonus shares of paid up share capital (2013: 5%) and Directors' remuneration of KD 60,000 (2013: KD 60,000) for the year ended 31 December 2014. This proposal is subject to the approval by annual Ordinary General Assembly Meeting of the Group's shareholders.

At the Ordinary General Assembly Meeting held on 8 May 2014 for the year ended 31 December 2013, the shareholders of the Parent Company have approved the Board of Directors' proposal to issue bonus shares of 5 shares for each 100 shares, totalling 18,354,085 shares (5 shares for each 100 shares, totalling 17,480,081 for the year ended 31 December 2012).

On 8 June 2014, the Extraordinary General Assembly of the Group's shareholders approved the increase of share capital from KD 36,708,171 to KD 38,543,579 through issuance of bonus shares of 5 shares for each 100 shares, totaling 18,354,085 shares (5 shares for each 100 shares, totaling 17,480,081 for the year ended 31 December 2012) and marked at the commercial Registry on 24 June 2014.

15 STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Directors' remuneration has been transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. Distribution of this 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

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Directors' remuneration has been transferred to the voluntary reserve. This transfer may be stopped by a resolution adopted by the ordinary assembly as recommended by the Board of Directors'. There are no restrictions on distributions from the voluntary reserve.

17 TREASURY SHARES

	2014	**2013**
Number of treasury shares	**3,538,807**	3,370,293
Percentage of ownership	**0.92%**	0.92%
Market value (KD)	**488,355**	620,134

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

18 ACCOUNTS PAYABLE AND ACCRUALS

	2014 KD	2013 KD
Trade payables (Note 20)	**9,497,025**	8,729,909
Accrued expenses	**861,896**	454,692
Dividend payables	**1,138,858**	1,727,655
Advances from customers	**2,593,601**	452,799
	14,091,380	11,365,055

19 CONTINGENCIES AND COMMITMENTS

	2014 KD	2013 KD
Letters of guarantee	**8,033,274**	5,295,724
Capital commitments	**2,681,234**	1,751,643

The Group has entered into several lease arrangements, mainly for renting of land over which fuel stations are constructed. The future minimum lease payments under the non-cancellable operating leases as at 31 December are as follows:

	2014 KD	2013 KD
Not later than one year	**563,984**	562,331
After one year and not later than five years	**189,587**	191,240
	753,571	753,571

20 RELATED PARTY TRANSACTIONS

Related parties represent i.e. major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly 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 included in the consolidated statement of income are as follows:

	Other related parties *KD*	*Major shareholder* *KD*	2014 Total *KD*	2013 Total *KD*
Cost of sales (purchase of fuel)	-	92,088,432	**92,088,432**	85,455,251
Operating expenses	**79,890**	-	**79,890**	51,675
Administrative expenses	**39,665**	-	**39,665**	32,811

20 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the consolidated statement of financial position are as follows:

	Other related parties KD	*Major shareholder KD*	***2014 Total KD***	*2013 Total KD*
Investment properties	1,306,831	-	**1,306,831**	-
Financial assets available for sale	11,766,523	-	**11,766,523**	11,049,983
Financial assets at fair value through profit or loss	405,891	-	**405,891**	1,163,041
Accounts payable and accruals	-	8,728,756	**8,728,756**	7,968,335

Financial assets available for sale (Note 10) and financial assets at fair value through profit or loss (Note 12) are managed by a related party.

	2014 KD	**2013 KD**
Key management compensation		
Short-term benefits	**346,288**	363,258
Employees' end of service benefits	**22,472**	22,255
	368,760	385,513

21 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

Fuel marketing and other related services – represents the sale of fuel and other related services arising from fuel stations.

Investment operations – represents investment in managed portfolio, short term money market placements and real estate.

31 December 2014	***Fuel marketing and other related services KD***	***Investment operations KD***	***Unallocated KD***	***Total KD***
Segment revenue	**105,631,980**	**(1,145,317)**	-	**104,486,663**
Depreciation and amortization	**998,035**	**286,189**	**248,098**	**1,573,300**
Segment results	**5,052,163**	**(1,145,317)**	**438,698**	**4,094,340**

31 December 2013	*Fuel marketing and other related services KD*	*Investment operations KD*	*Unallocated KD*	*Total KD*
Segment revenue	97,999,207	(1,533,851)	-	96,465,356
Depreciation and amortization	906,606	131,089	246,347	1,306,242
Segment results	5,755,319	(1,533,851)	131,505	4,101,442

	Retail petroleum and other services *KD*	*Investment operations* *KD*	*Unallocated* *KD*	*Total* *KD*
Segment assets as at 31 December 2014	**59,347,618**	**8,362,783**	**164,612**	**67,875,013**
Segment liabilities as at 31 December 2014	**11,996,981**	**1,138,858**	**1,291,673**	**14,427,512**
Segment assets as at 31 December 2013	39,386,997	21,253,806	194,618	60,808,421
Segment liabilities as at 31 December 2013	9,213,626	1,727,655	669,810	11,611,091

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through Group's strategic planning process. No changes were made in the risk management objectives, policies or processes during the years ended 31 December 2014 and 2013.

22.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to a financial loss. Financial assets subject to credit risk consist principally of bank balances, fixed deposits and accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Maximum exposure to credit risk

The Group's exposure to credit risk from bank balances, cash with a portfolio manager, fixed deposits and accounts receivable arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. The maximum exposure is the carrying amount as described in the consolidated statement of financial position.

	2014 **KD**	**2013** **KD**
Cash and cash equivalents (Note13)	**15,241,303**	14,132,235
Trade receivables (Note 11)	**3,210,434**	2,507,079
	18,451,737	16,639,314

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.1 Credit risk (continued)

financial condition of accounts receivable. Concentration of credit risk is represented by one major customer representing 44% (2013: 32%) of the trade receivables balance. The Group is not exposed to credit risk from such customer as it is a governmental entity. The Group defines counterparties as having similar characteristics if they are related entities.

22.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Company periodically assess the financial viability of the receivables and ensures that adequate bank facilities are available.

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

All the financial liabilities of the Group are due within one year from the consolidated statement of financial position date.

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

	On Demand KD	*Less than 3 months KD*	*3 to 12 months KD*	*Total KD*
2014				
Accounts payable and accruals	**1,138,858**	**12,853,579**	**98,943**	**14,091,380**
2013				
Accounts payable and accruals	1,727,655	9,584,699	52,701	11,365,055

22.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of: foreign currency risk, interest rate risk and equity price risk. The sensitivity analyses in the following sections relate to the position as at 31 December in 2014 and 2013.

22.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency).

The Group is not exposed to foreign currency risk as majority of the assets and liabilities are denominated in Kuwaiti Dinars.

22.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to the risk of changes in market interest rates since there are no interest bearing assets and liabilities as at the reporting date.

22.3.3 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity price risk on its investments held at fair value through profit or loss. The Group manages this risk through diversification of investments in terms of industry concentration.

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

	Increase/ decrease in stock prices (%)	*Effect on profit for the year KD*
2014		
Financial assets held at fair value through profit or loss	**+ 5**	**+20,295**
2013		
Financial assets held at fair value through profit or loss	± 5	±58,152

23 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

Capital comprises of share capital, statutory reserve, voluntary reserve, treasury shares and retained earnings and is measured at KD 53,291,670 as at 31 December 2014 (2013: KD 49,197,330).

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturity profile of, accounts receivable and prepayments, accounts payable and accruals at the year end is based on contractual repayment arrangements. The maturity profile for the remaining assets and liabilities is determined based on the management estimate of liquidation of those assets.

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	Within 3 months	*3 to 12 months*	*1 to 5 years*	*Total*
31 December 2014	*KD*	*KD*	*KD*	*KD*

Assets				
Cash and cash equivalents	15,241,303	-	-	**15,241,303**
Financial assets at fair value through profit or loss	-	405,891	-	**405,891**
Inventories -----	-	358,864	-	**358,864**
Accounts receivable and prepayment-------	3,435,634	2,170,733	761,681	**6,368,048**
Financial assets available for sale	-	-	11,766,523	**11,766,523**
Investment properties	-	-	5,860,255	**5,860,255**
Investment in an associate	-	-	884,034	**884,034**
Intangible assets	-	-	15,114,158	**15,114,158**
Property and equipment	-	-	11,875,937	**11,875,937**
TOTAL ASSETS	**18,676,937**	**2,935,488**	**46,262,588**	**67,875,013**
Liabilities				
Accounts payable and accruals	10,635,883	861,896	2,593,601	**14,091,380**
Employees end of service benefits	-	-	336,132	**336,132**
TOTAL LIABILITIES	**10,635,883**	**861,896**	**2,929,733**	**14,427,512**

	Within 3 months	*3 to 12 months*	*1 to 5 years*	*Total*
31 December 2013	*KD*	*KD*	*KD*	*KD*
Assets				
Cash and cash equivalents	14,132,235	-	-	14,132,235
Financial assets at fair value through profit or loss	-	1,163,041	-	1,163,041
Inventories	-	351,686	-	351,686
Accounts receivable and prepayment	2,645,772	3,321,401	77,250	6,044,423
Financial assets available for sale	-	-	11,049,983	11,049,983
Investment properties	-	-	1,820,000	1,820,000
Investment in an associate	-	-	1,202,463	1,202,463
Intangible assets	-	-	15,996,775	15,996,775
Property and equipment	-	-	9,047,815	9,047,815
TOTAL ASSETS	16,778,007	4,836,128	39,194,286	60,808,421
Liabilities				
Accounts payable and accruals	10,457,564	854,790	52,701	11,365,055

24 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

Employees end of service benefits	-	-	246,036	246,036
TOTAL LIABILITIES	10,457,564	854,790	298,737	11,611,091

25 Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities as defined in Note 2.

The fair values of financial instruments with the exceptions of certain financial assets available for sale carried at cost (Note 10) are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to variable rate financial instruments.

Fair value hierarchy
As at 31 December, the Group held the following financial instruments measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

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

	Level: 1	*Total*
2014	*KD*	*KD*
Financial assets at fair value through profit or loss		
Managed portfolio (local quoted equity securities)	405,891	**405,891**
Financial assets at fair value through profit or loss		
Managed portfolio (local quoted equity securities)	1,163,041	1,163,041

As at 31 December 2014, certain financial assets available for sale are carried at cost amounting to KD 10,871,328 (2013: KD 11,049,983) since the fair value cannot be reliably be measured.

مواقع محطات شركة السور لتسويق الوقود ش.م.ك
Locations Of Soor Fuel Marketing Co. Stations