ACICO FOR INDUSTRIES CO.

ACICO

BUILDING ON SOLID FOUNDATIONS

2015

Annual Report

بسم الله الرحمن الرحيم

In the name of Allah the Most Gracious, the Most Merciful.

HIS HIGHNESS
SHEIKH SABAH AL-AHMAD AL-JABER AL-SABAH
THE AMIR OF THE STATE OF KUWAIT

HIS HIGHNESS
SHEIKH NAWAF AL-AHMAD AL-JABER AL-SABAH
THE CROWN PRINCE

ACICO

BUILDING ON SOLID FOUNDATIONS

ACICO INDUSTRIAL

ACICO CONSTRUCTION

ACICO CEMENT

ACICO REAL ESTATE

ACICO REAL ESTATE HOTELS

ACICO AIPC

Board of Directors

- Abdulaziz Ahmad Al-Ayoub
  Chairman
- Ghassan Ahmad Saud Al-Khaled
  Vice Chairman & Ceo
- Walid Ahmad Saud Al-Khaled
  Member
- Faisal Yousef Al-Majed
  Member
- Ahmad Faisal Al-Refaie
  Member
- Faten Farouk Al-Naqeeb
  Member
- Ahmad Ghassan Ahmad Al-Khaled
  Member

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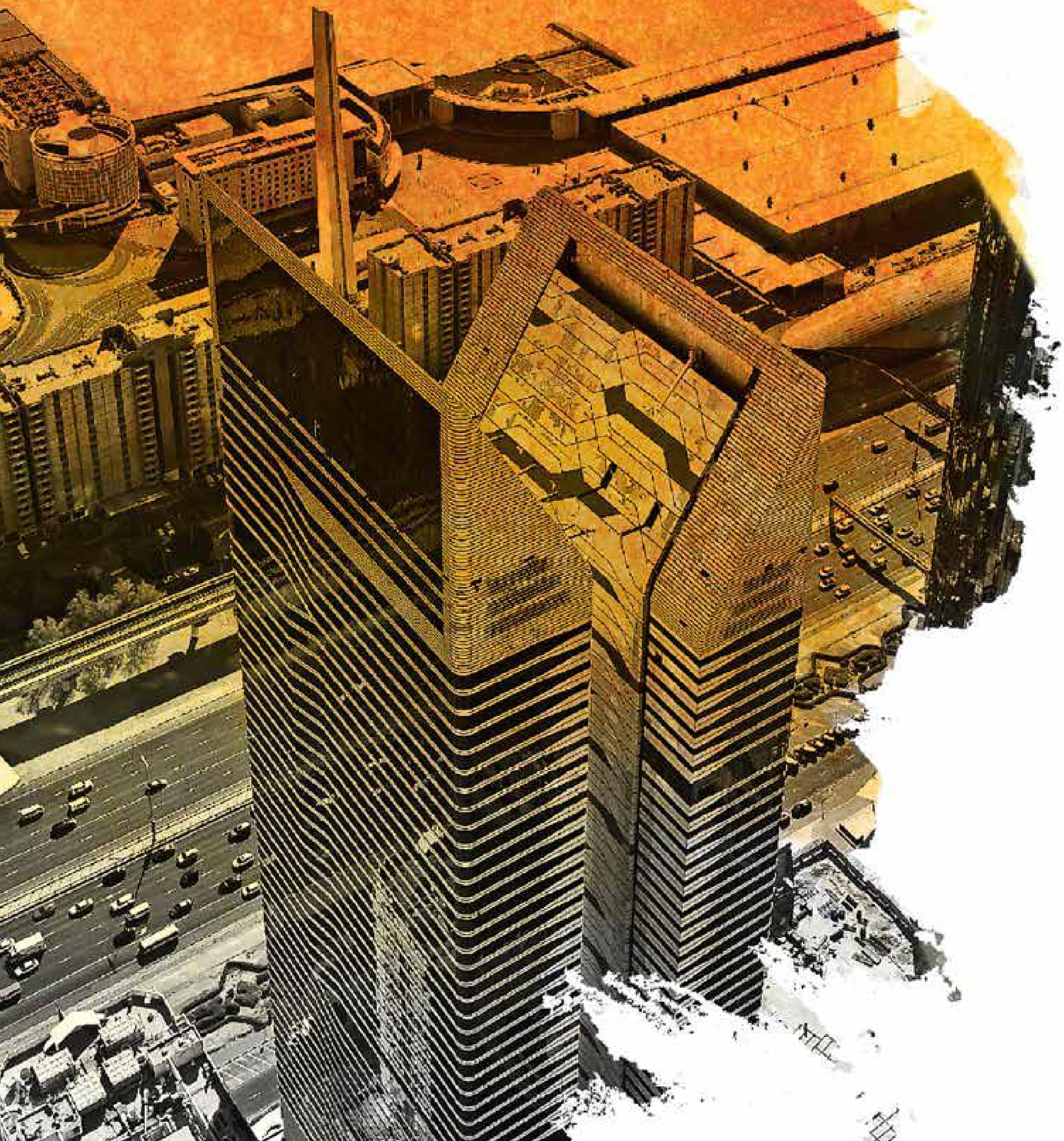
CHAIRMAN'S MESSAGE



Dear Esteemed Shareholders

I'm honored and delighted to present ACICO Industries› annual report for the fiscal year ending in 31-12-2015, which reflects it's success and achievements over the course of the past year.

I'm also pleased to state that your company has succeeded in continuing its diverse activities yielding results that reflected positively on financial results as well. During 2015, ACICO manage to increase its annual operating income to 108.482 million KD comparing to 70.709 million K.D. in 2014. This has resulted in high profits of 8.380 million K.D. compared to 8.335 million K.D. for 2014. Profit per share has been increased from 30.52 Fils in 2014 to 30.69 Fils in 2015. Hence the recommendation of the Board of Directors to distribute %15 of the par value of ACICO's share as cash dividends, equal to 15 Fils per share with total of 4,097,328.570 KD after deduction of treasury stocks.

In addition, the Board has also recommended bonus shares of %5 amounting to 5 shares for each 100 shares, amounting to 1,371,445.400 K.D.

It's doubtless that the positive results accomplished by your company during the last year had reflected on the overall assets of the company which increased to 371.106 million K.D. comparing to 297.873 million K.D. for 2014 in addition to an increase of shareholders equity to 104.159 million KD.

The continuous success and achievements ACICO has accomplished so far, is due to the valuable support of the shareholders to the board of directors and the executive management, for whom we express our deepest gratitude.

Abdulaziz Ahmed Al Ayoub
Chairman

VICE CHAIRMANS MESSAGE

Dear Shareholders,

We are honored and privileged to highlight the achievements and triumphs expressed in the Annual Financial Report for the Fiscal Year ending 31st December, 2015 - which we are honored to present to you portraying our accomplishments and success.

The company's achievements have continued over the past year to further augment the previous record of accomplishments through its expansion into new operating fields, within and beyond Kuwait's borders, enhancing the status and value of the company, whether at the local or regional levels.

Locally, the past year witnessed the expansion into new activities and fileds in order to cater for the needs of the local market, contributing to Kuwait's development plan in all aspects and enhancing the stance of the company. This will, in turn, reflect positively on the rights of our shareholders whose best interest is among our top priorities.

Regionally, ACICO's expansion plans have proven it strategic success through its external assets which have become a fundamental part from the company's sectors through a number of assets in hotels and real estate in UAE. We remain keen on obtaining all suitable investment opportunities which will elevate the stance of the company to the highest levels.

ACICO Industries has evolved into a major building materials industry player in one of the most important and vital sectors that most of the construction projects and contracting activities depend upon through its risk mitigation strategy that is based on geographic distribution of its activities, keeping away from economic or political upheaval in any one location.

Ghassan Al Khaled
Vice Chairman & CEO

ACICO PROFILE

ACICO Industries is a Kuwaiti fast-growing company whose products meet the basic necessities and requirements of modern life of building materials. ACICO activities went beyond the Kuwaiti borders to the neighboring GCC markets. Through its plants in Kuwait, UAE, KSA and Qatar, ACICO makes building units from reinforced and unreinforced aerated concrete with its special specifications such as light weight, thermal insulation, fire resistance, and environmental safety. The company utilizes the basic and most advanced materials like ground sand, cement and limestone to make its products. The company is not content with this achievement but looks forward to extending to other MENA countries in accordance with an expansionist policy carefully planned and studied to augment its revenues and future profits.

another basic acico product is the cement of both types: the normal portland and the resisting type. the ministry of public works (mpw), the house care institution, and other government agencies approved acico cement plant and products and acico cement products. in addition, acico industries joined the ready mix market through its own plant to meet the increasing demand in kuwait for this product.

ACICO has the qualified manpower including the consultants, engineers and skilled technicians under a senior executive management which enjoys extensive knowledge and expertise in the building materials industry and constructions, All the company plants both inside and outside Kuwait are equipped with the state-of-art machinery and equipment needed to conduct tests in accordance with the local and global standards and specifications.

ACICO Group, through its subsidiary - ACICO Construction - has also established new production line for the manufacture of interlock tiles that are used in many different residential and service projects. As one of the most modern product lines in the industry, the production line for these tiles features new interoperability attributes, using the latest hardware and equipment, adhering to domestic and international standards.

ACICO Industries managed to be involved in the contracting world steadily through ACICO Construction which is approved by the Central Tenders Committee (CTC) as a grade «A» inside the State of Kuwait. The company managed to break the traditional models in the construction world as is obviously evident in its local and regional projects in addition to its special construction system which is now widely known as: «ACICO Building System».

In achieving to its strategic plan, one of the affiliated companies of ACICO Industries involved into the Precast by acquisitioning one of the most important plant specialized in this area, where it was called «ACICO Industries for Precast and Constructions» which comprises of many vital and industrial sectors like precast industry, ready mix concrete, and general contracting sector. In addition to Steel Cut and Ben sector.

This assisted ACICO Industries to enter the real estate market strongly through the following real estate and hoteling projects:

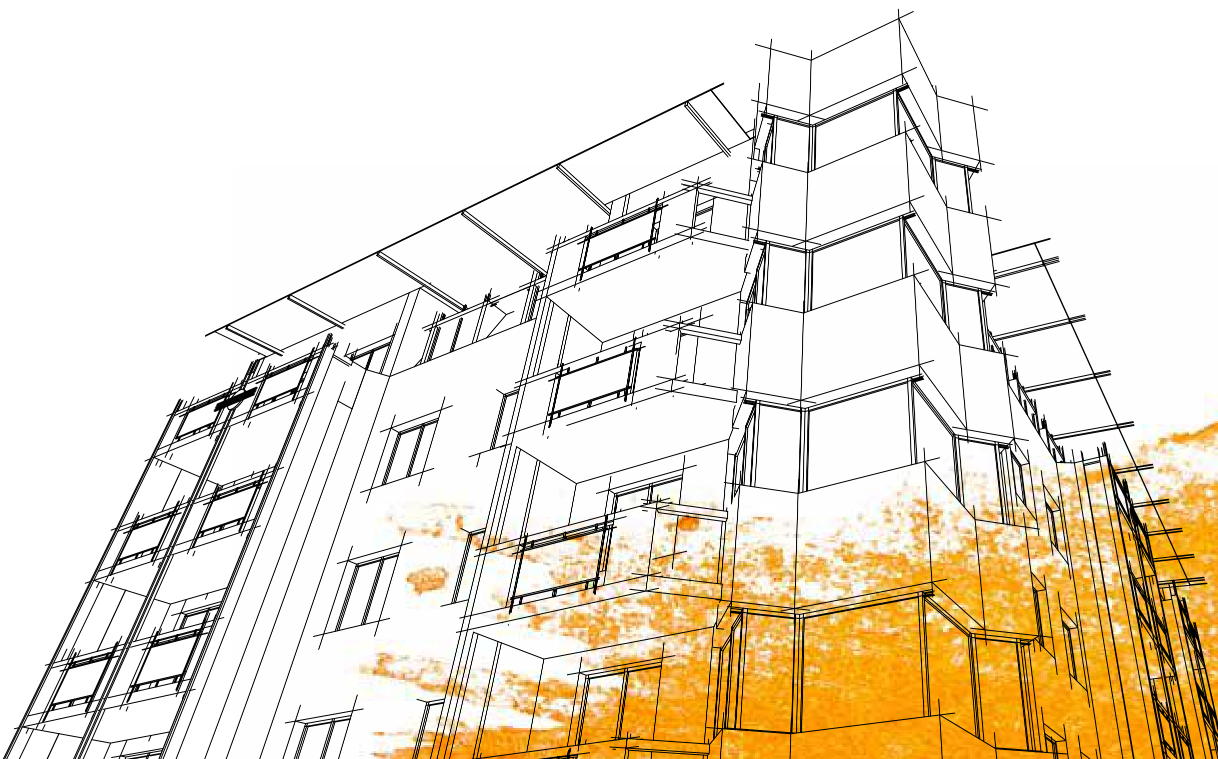
Nassima Royal Dubai Hotel located in Sheikh Zayed Street, it comprises of 60 floors and 471 rooms and suites which is exemplary in terms of its fantastic design and innovative execution.

Nasima Hotel Apartments Tower is also designed to be the destination for excellence seekers, both at residential and commercial levels, through its distinguished location at Sheikh Zayed Street in addition to its services which convert staying therein immortal joyful memories.

Radisson Blue Resort Al Fujairah extends for more than half a kilometer along the beach where you can enjoy the epitome of natural beauty associated with comfort and relaxation. This resort contains of 257 rooms and resorts in addition to abundant and distinctive services and features which render its stay unforgettable.

Last but not least is ACICO Business Park.

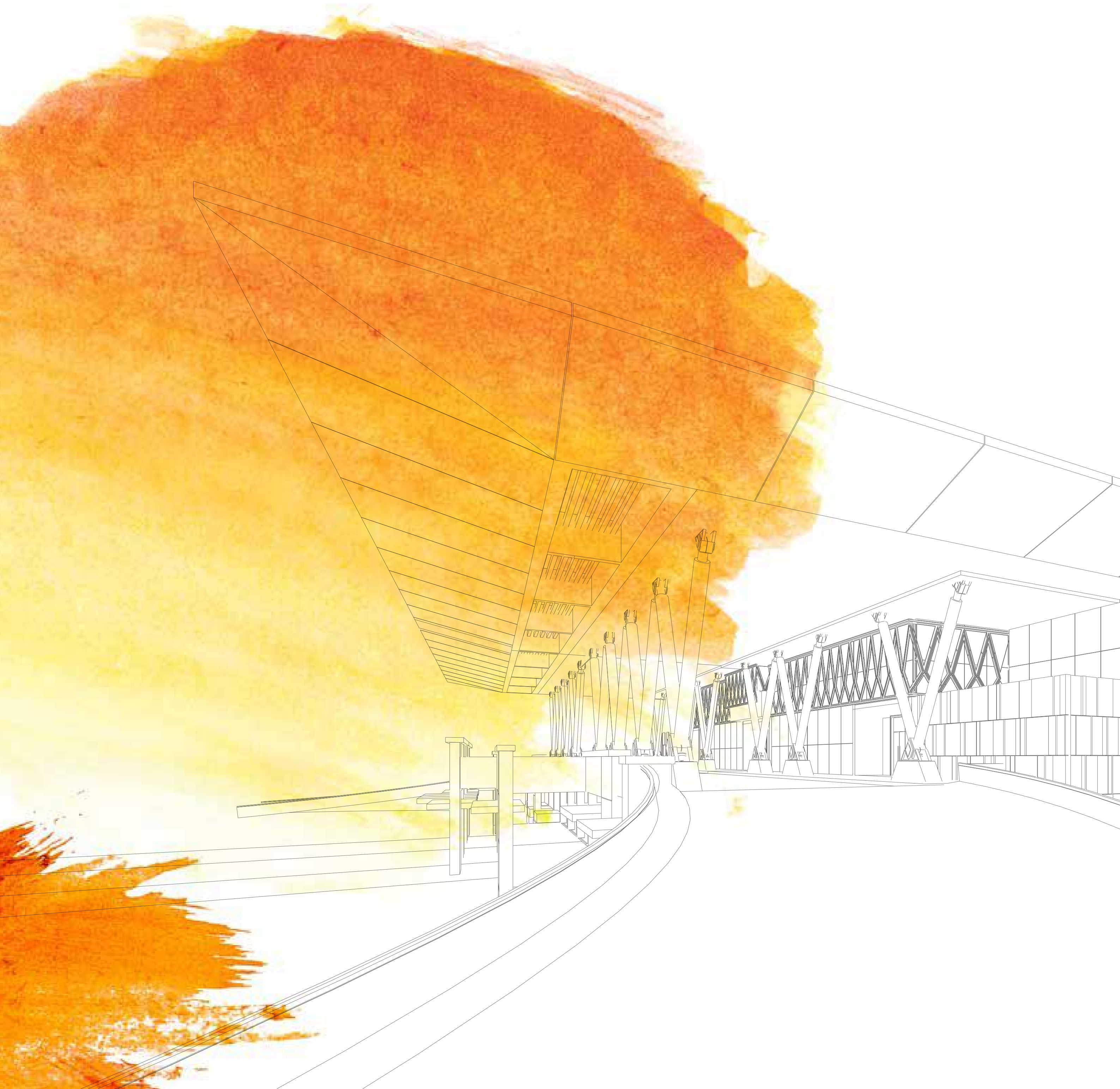
ACICO Industries, with its huge market value, the growing investment volume in the industrial and real estate markets, its projects across the region, and its innovations in the volume and quality of projects on the real estate front are nothing but extension and expression of a group of experienced constituents in their fields of expertise who combined their and unified their visions in ACICO Pot to convert it into a pioneer in the developed building materials industry, construction and real estate development.



COMMITMENT TO QUALITY

Sustainably striving towards leadership and success, ACICO group commits to applying the highest criterion of conformity to the specifications of local and international quality standards in all goods produced and manufactured at its different fabrication facilities.

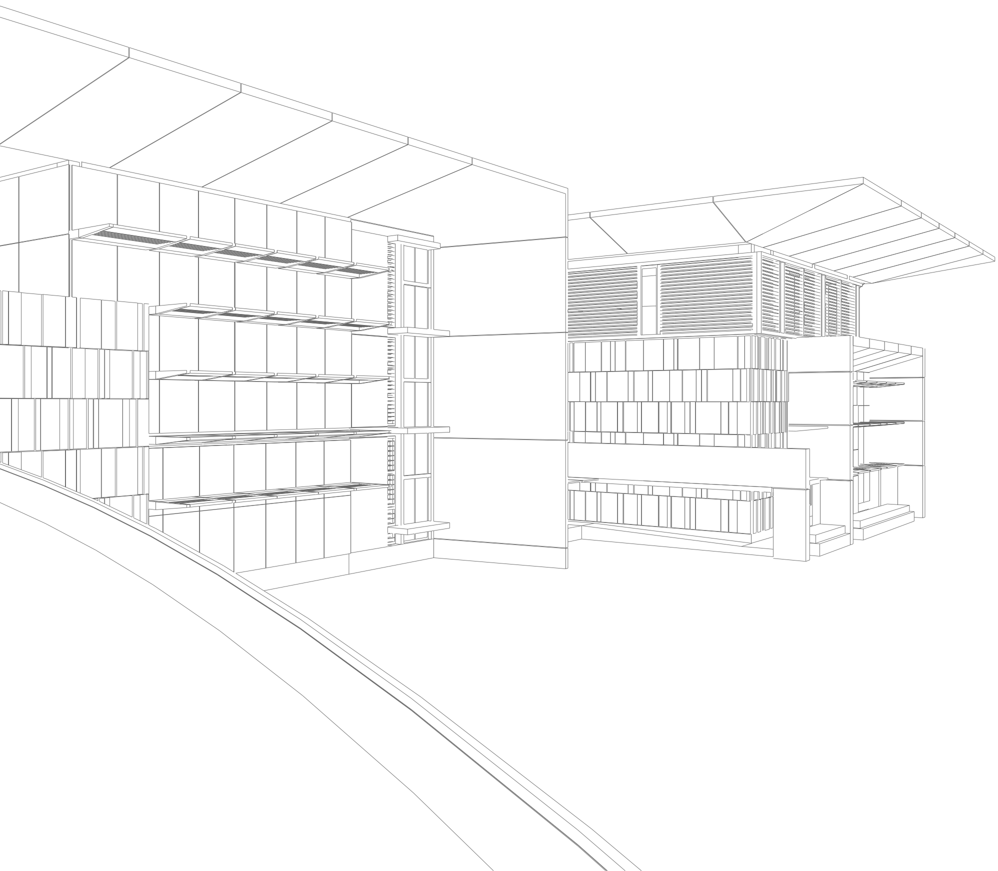
There is no doubt that the group›s commitment to local and international quality standards has earned it the confidence of a significant sector of governmental and private agencies within and outside the State of Kuwait, enabling it to obtain maintain and expand a healthy market share in all markets in which it operates.



ACICO AND COMMUNITY

Always ACICO is committed towards our community, as a result of this commitment, we are always keen on highlighting our social role by sponsoring various local social activities and events organized by civil society organizations and community-based care in the State of Kuwait.

ACICO's participation in these events and activities stems our from sensing our role as a national company that sees that its commitment towards its community will benefit many different categories..



ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2015 ,31
WITH INDEPENDENT AUDITORS' REPORT

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC)
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And its subsidiaries
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ACICO for Industries Co. - K.S.C. (Public) (The Parent Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position as of December 31, 2015 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the fiscal year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ACICO for Industries Co. - K.S.C. (Public) and its subsidiaries as of December 31, 2015, and its financial performance and cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016, the Executive Regulations of Law No. 25 of 2012, the Parent Company's Memorandum of Incorporation and Articles of Association, and we have obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the fiscal year ended December 31, 2015 of the Companies Law No. 1 of 2016 and the Executive Regulations of Law No. 25 of 2012, or of the Parent Company's Memorandum of Incorporation and Articles of Association which might have materially affected the Group's financial position or results of its operations.

Ali Owaid Rukheyes
Licence No. 72-A
Member of Nexia International -)England)
Alwaha Auditing Office

Dr. Shuaib A. Shuaib
Licence No.33-A
RSM Albazie & Co.

State of Kuwait
March 23, 2016

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 2015 ,31

(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2015	2014
Cash on hand and at banks		2,211,324	2,187,566
Accounts receivable and other debit balances	3	17,822,588	13,866,199
Gross amount due from customers for contract work	4	2,215,887	1,304,877
Due from related parties	5	8,755,202	9,779,176
Inventories	6	21,415,303	10,076,088
Properties held for trading	7	11,715,773	6,544,956
Financial assets available for sale	8	1,011,713	1,257,791
Investment in associates	9	7,852,929	12,913,876
Investment in unconsolidated subsidiaries	10	4,289,529	50,000
Investment properties	11	195,077,637	173,146,618
Right of utilization of leasehold lands	12	12,428,329	12,485,785
Property, plant and equipment	13	81,332,378	49,282,141
Goodwill		4,977,781	4,977,781
Total assets		371,106,373	297,872,854
LIABILITIES AND EQUITY			
Liabilities:			
Due to banks	14	7,067,985	7,139,457
Accounts payable and other credit balances	15	30,345,174	23,146,161
Dividends payable to shareholders		1,272,277	1,096,898
Gross amount due to customers for contract work	4	2,664,465	2,302,097
Due to related parties	5	7,311,506	758,900
Term loans	16	159,358,793	112,066,999
Murabaha payable	17	49,541,750	52,939,403
Provision for end of service indemnity	18	2,794,650	2,118,534
Total liabilities		260,356,600	201,568,449
Equity:			
Share capital	19	27,428,908	26,122,770
Share premium	20	24,426,446	24,426,446
Statutory reserve	21	11,353,400	10,478,829
Treasury shares	23	(432,774)	(432,774)
Treasury shares reserve		2,589,875	2,589,875
Effect of change in other comprehensive (loss) income of associates		(41,441)	214,946
Effect of changes in ownership interest of a subsidiary		1,600,000	-
Foreign currency translation reserve		7,699,349	69,869
Retained earnings		29,534,977	27,237,026
Equity attributable to shareholders of the parent company		104,158,740	90,706,987
Non-controlling interests		6,591,033	5,597,418
Total equity		110,749,773	96,304,405
Total liabilities and equity		371,106,373	297,872,854

The accompanying notes (1) to (38) form an integral part of the consolidated financial statements.

Ghassan Ahmed Saoud Al - Khaled
Vice Chairman

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 2015 ,31

(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Operating revenue	24	98,055,661	59,781,781
Operating cost	24	(79,517,888)	(45,938,735)
Net real estate revenue	25	9,061,503	9,409,978
Gross profit from operations		27,599,276	23,253,024
General and administrative expenses	26	(8,541,217)	(5,979,153)
Selling expenses		(1,297,967)	(516,979)
Depreciation and amortization	24	(417,619)	(257,296)
Income from operations		17,342,473	16,499,596
Group's share of results from associates	9	(648,570)	339,474
Gain from re-measurement of previously held interest in associates	9	308,942	-
Gain from bargain purchase of subsidiaries		986,473	-
Gain on sale of property, plant and equipment		65,335	-
Net financial assets loss	27	(178,978)	(233,267)
Gain resulting from liquidation of a subsidiary		-	358,837
Finance charges	24	(7,690,176)	(7,457,304)
Provisions	28	(615,168)	(482,662)
Other income		536,637	382,586
Profit for the year before contribution to Kuwait Foundation for Advancement of Sciences, National Labor Support Tax, Contribution to Zakat and Board of Directors' remuneration		10,106,968	9,407,260
Contribution to Kuwait Foundation for the Advancement of Sciences		(36,221)	(45,522)
National Labor Support Tax		(234,006)	(209,666)
Contribution to Zakat		(50,412)	(53,630)
Board of Directors' remuneration	29	(45,000)	(45,000)
Net profit for the year		9,741,329	9,053,442
Attributable to:			
Shareholders of the Parent Company		8,380,066	8,334,536
Non-controlling interests		1,361,263	718,906
Net profit for the year		9,741,329	9,053,442
		Fils	Fils
Earnings per share attributable to shareholders of the Parent Company	30	30.69	30.52

The accompanying notes (1) to (38) form an integral part of the consolidated financial statements.

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 2015 ,31

(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Net profit for the year		9,741,329	9,053,442
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		7,736,754	578,734
Share of other comprehensive (loss) income from associates	9	(190,235)	182,239
Other comprehensive income for the year		7,546,519	760,973
Total comprehensive income for the year		17,287,848	9,814,415
Attributable to:			
Shareholders of the Parent Company		15,819,311	8,984,197
Non-controlling interests		1,468,537	830,218
Total comprehensive income for the year		17,287,848	9,814,415

The accompanying notes (1) to (38) form an integral part of the consolidated financial statement

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 2015 ,31

(All amounts are in Kuwaiti Dinars)

	Equity attributable to parent company's shareholders										
	Share capital	Share premium	Statutory reserve	Treasury shares	Treasury Shares reserve	Effect of change in other comprehensive income (loss) of associates	Effect of change in ownership interest of a subsidiary	Foreign currency translation reserve	Retained earnings	Sub Total	Non-controlling interests	Total Equity
Balance as of December ,31 2013	24,878,829	24,426,446	9,609,994	(432,774)	2,589,875	32,707	-	(397,553)	23,492,349	84,199,873	4,489,387	88,689,260
Bonus shares (Note 31)	1,243,941	-	-	-	-	-	-	-	(1,243,941)	-	-	-
Cash dividends (Note 31)	-	-	-	-	-	-	-	-	(2,477,083)	(2,477,083)	-	(2,477,083)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(713,316)	(713,316)
Effect of capital increase of a subsidiary	-	-	-	-	-	-	-	-	-	-	250,000	250,000
Effect of liquidation a subsidiary	-	-	-	-	-	-	-	-	-	-	741,129	741,129
Total comprehensive income for the year	-	-	-	-	-	182,239	-	467,422	8,334,536	8,984,197	830,218	9,814,415
Transfer to statutory reserve	-	-	868,835	-	-	-	-	-	(868,835)	-	-	-
Balance as of December ,31 2014	26,122,770	24,426,446	10,478,829	(432,774)	2,589,875	214,946	-	69,869	27,237,026	90,706,987	5,597,418	96,304,405
Bonus shares (Note 31)	1,306,138	-	-	-	-	-	-	-	(1,306,138)	-	-	-
Cash dividends (Note 31)	-	-	-	-	-	-	-	-	(3,901,406)	(3,901,406)	-	(3,901,406)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(638,937)	(638,937)
Effect of changes in ownership interest of a subsidiary	-	-	-	-	-	-	1,600,000	-	-	1,600,000	(3,017,719)	(1,417,719)
Acquisition of a subsidiary with a non controlling interests	-	-	-	-	-	-	-	-	-	-	3,181,734	3,181,734
Total comprehensive (loss) income for the year	-	-	-	-	-	(190,235)	-	7,629,480	8,380,066	15,819,311	1,468,537	17,287,848
Changes in associate's equity (Note 9)	-	-	-	-	-	(66,152)	-	-	-	(66,152)	-	(66,152)
Transfer to statutory reserve	-	-	874,571	-	-	-	-	-	(874,571)	-	-	-
Balance as of December ,31 2015	27,428,908	24,426,446	11,353,400	(432,774)	2,589,875	(41,441)	1,600,000	7,699,349	29,534,977	104,158,740	6,591,033	110,749,773

The accompanying notes (1) to (38) form an integral part of the consolidated financial statements.

ACICO FOR INDUSTRIES CO. - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 2015 ,31

(All amounts are in Kuwaiti Dinars)

	2015	2014
Cash flows from operating activities:		
Profit for the year before Contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax, Contribution to Zakat and Board of Directors' remuneration	10,106,968	9,407,260
Adjustments:		
Depreciation and amortization	4,116,097	2,745,613
Change in fair value of investment properties	56,916	(705,000)
Share of results from associates	648,570	(339,474)
Gain from re-measurement of previously held interest in associates	(308,942)	-
Gain from bargain purchase of subsidiaries	(986,473)	-
Impairment loss on financial assets available for sale	181,915	184,144
Gain on sale of financial assets available for sale	(21,494)	-
Gain resulting from liquidation of a subsidiary	-	(358,837)
Finance charges	7,690,176	7,457,304
Provision for doubtful debts	606,961	482,662
Provision for slow moving inventories	8,207	-
Provision for end of service indemnity	1,119,665	472,802
Gain on sale of property, plant and equipment	(65,335)	-
Foreign currency translation reserve	(544,258)	158,370
	22,608,973	19,504,844
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(4,289,863)	(2,963,770)
Gross amount due from customers for contract work	(911,010)	5,021
Due from related parties	3,162,661	(4,239,020)
Inventories	(10,961,114)	(4,479,166)
Accounts payable and other credit balances	(176,973)	2,168,574
Gross amount due to customers for contract work	362,368	1,624,909
Due to related parties	(7,283,184)	(238,111)
Cash generated from operations	2,511,858	11,383,281
Payment for Board of Directors' remuneration	(30,000)	(45,000)
Payment for end of service indemnity	(506,631)	(105,488)
Net cash generated from operating activities	1,975,227	11,232,793
Cash flows from investing activities:		
Paid for purchase of properties held for trading	(246,245)	(6,544,956)
Cash dividends received from associate	-	247,499
Proceeds from sale of financial assets available for sale	85,657	4,866
Paid for purchase of property, plant and equipment	(24,735,179)	(9,311,565)
Proceeds from sale of property, plant and equipment	71,161	1,634
Net cash outflow on acquisition of subsidiaries	(5,835,068)	(1,942,138)
Paid for acquisition of investment in unconsolidated subsidiary	(4,239,529)	-
Net cash used in investing activities	(34,899,203)	(17,544,660)
Cash flows from financing activities:		
Net movement on due to banks	(71,472)	4,147,798
Net movement on term loans	47,259,484	13,180,328
Net movement on Murabaha payable	(3,397,653)	(66,696)
Finance charges paid	(6,477,661)	(7,457,304)
Dividends paid to shareholders	(3,726,027)	(2,312,523)
Dividends paid to non - controlling interests	(638,937)	(713,316)
Net cash generated from financing activities	32,947,734	6,778,287
Net increase in cash on hand and at banks	23,758	466,420
Cash on hand and at banks at the beginning of the year	2,187,566	1,721,146
Cash on hand and at banks at the end of the year	2,211,324	2,187,566

The accompanying notes (1) to (38) form an integral part of the consolidated financial statements.

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

ACICO for Industries Co. - K.S.C. (Public) was incorporated and authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department under Ref. No. 16540 on June 23, 1990 and registered on Commercial register under Ref. No. 41903 dated July 17, 1991 and the last amendment done on the Commercial Registration was on May 4, 2015. (Note 19).

The parent company's shares are listed in Kuwait Stock Exchange.

The main objectives of the Parent Company include the following:

1. Establishment of a factory for the production of all types and sizes of aerated concrete and non-concrete and all its construction requirements, import and export of all building materials. The Company is considered the sole agent in the Middle East for manufacturing 'Hebel' international products.
2. Owning, buying and selling real estates, land and lands for development for the benefit of the Company either inside or outside Kuwait as well as management of third party's properties without violating the provisions of the laws in force and the prohibition of trading in private housing plots in the way provided in such laws.
3. Dealing in industrial companies' shares and bonds relating to the main objective of the Company for the benefit of the Company only either inside or outside Kuwait.
4. Preparing and submitting the studies and consultancy and also organizing the industrial exhibitions for the Company's projects and also establishing its related tenders as per laws and regulations.
5. General contracting and managing contracting portfolios.

The Company may have interests or participate in any aspect in other firms conducting similar activities or which may assist the Company in achieving its objectives in Kuwait or abroad. The Company may also acquire such firms or participate in their equity.

The Parent Company's number of employees is 471 as at December 31, 2015 (2014 - 465 employees).

The address of the Company's head office is P.O. Box 24079, Safat, 13101 - State of Kuwait.

The consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2016. The accompanying financial statements have to be confirmed by the ordinary shareholders' General Assembly, The ordinary shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

The new Companies Law No. 1 of 2016 was issued on January 24, 2016 and was published in the Official Gazette on February 1, 2016, which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective from November 26, 2012 and the executive regulations of Law No. 25 of 2012 will continue until a new set of executive regulations are issued. The adoption of the new Companies Law is not expected to have any effect on the reporting entity.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable requirements of Ministerial Order No. 18 of 1990. Significant accounting policies are summarized as follows:

a. Basis of presentation:

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for certain financial assets available for sale and investment properties that are stated at their fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(ab).

Standards and Interpretations issued and effective

The accounting policies applied by the Group are consistent with those used in the previous year except for the changes due to implementation of the following amended International Financial Reporting Standards related to the Group as of January 1, 2015:

Annual Improvements to IFRS - 2012 - 2010 Cycle:

Amendments to IFRS 3 Business Combinations

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

Amendments to IFRS 8 Operating Segments

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

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

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

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

Amendments to IAS 24 Related Party Disclosures

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

Annual Improvements to IFRS - 2013 - 2011 Cycle:

Amendments to IFRS 3 Business Combinations

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

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

Amendments to IFRS 13 Fair Value Measurement

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

Amendments to IAS 40 Investment Property

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

These amendments are not expected to have any material impact on the consolidated financial statements.

(All amounts are in Kuwaiti Dinars)

Standards and Interpretations issued but not effective

The following IASB Standards and Interpretations have been issued but are not yet effective, and have not yet been adopted by the Group:

IFRS 9 - Financial Instruments

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

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after January 1, 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

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

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

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

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

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

IFRS 14 - Regulatory Deferral Accounts

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

Amendments to IAS 1 - Disclosure Initiative

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

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

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

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

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

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

Annual Improvements to IFRS - 2014 - 2012 Cycle:

Amendments to IFRS 5 - Non Current Assets Held for Sale & Discounted Operations

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

Amendments to IFRS 7 - Financial Instruments: Disclosures

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

Amendments to IAS 19 - Employee Benefits

The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify that, when determining the discount rate for post-employment benefit obligations, it is important to consider the currency that the liabilities and the related future benefits to be paid are denominated in, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds which are used to calculate that discount rate is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

Amendment to IAS 34 - Interim Financial Reporting

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

These standards and amendments are not expected to have any material impact on the consolidated financial statements.

b. Principles of consolidation:

The consolidated financial statements incorporate the financial statements of Acico for industries Company - K.S.C. (Public) and the following subsidiaries (together the "Group"):

		Percentage of holding (%)	
Name of Subsidiaries	Country of incorporation	2015	2014
ACICO Arabia for General Trading & Contracting - W.L.L.	State of Kuwait	94.33	60
ACICO for Construction - K.S.C. (Closed)	State of Kuwait	75	75
ACICO Kuwait Company - W.L.L.	State of Kuwait	99	99
ACICO Gulf Real Estate Company - W.L.L.	State of Kuwait	99	99
Aselera Logistics for Goods Transportation - W.L.L.	State of Kuwait	99	99
Al Masaken United Real Estate Company K.S.C. (Closed)	State of Kuwait	85.84	-
Aerated Concentrate Industries Company - Qatar - W.L.L.	State of Qatar	100	-
Sky Star International for Businessmen Services	United Arab Emirates	100	100
Aerated Concrete Industries Company - Saudi Arabia - W.L.L.	Kingdom of Saudi Arabia	100	100

Al Masaken United Real Estate Company K.S.C. (Closed) owns 40% of ACICO Arabia for General Trading and Contracting Co. - W.L.L. and the Parent Company has acquired 85.84% of Al Masaken United Real Estate Company - K.S.C. (Closed). As a result of this acquisition, the ownership percentage in ACICO Arabia for General Trading and Contracting Company - W.L.L. increased indirectly by 34.33% to be 94.33% which resulted a change in ownership interests of subsidiary amounting to KD 1,600,000 which represents the variance between the carrying value and the fair value of ACICO Arabia for General Trading Company W.L.L. stated in the consolidated statement of financial position.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee.
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the Non-controlling shareholder's share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in 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 Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

- Acquisition of subsidiaries during the year:

a. On January 1, 2015, the Parent Company acquired 51% of Aerated Concrete Industries Company - Qatar - W.L.L. which was classified previously as investment in associate with ownership percentage was 49% to be a subsidiary fully owned by the Parent Company. The fair value of identifiable net assets, liabilities and bargain purchase resulting from purchasing the subsidiary are as follows:

	Fair value
Cash and cash equivalents	13,894
Accounts receivable and other debt balances	204,254
Due from related parties	45,411
Inventories	386,111
Property, plant and equipment	10,028,328
Accounts payable and other credit balances	(217,007)
Due to related parties	(4,210,539)
Credit facilities	(32,310)
Provision for end service indemnity	(35,182)
Partners' current accounts	(3,874,766)
Net fair value of assets and liabilities	2,308,194
Percentage of ownership	%100
Net assets	2,308,194
Consideration to be paid	(805,600)
Fair value of transferred from investment in an associate	(1,131,015)
Bargain purchase on acquisition of a subsidiary	371,579

The accompanying consolidated financial statements of the Group as of December 31, 2015 includes the financial statements related to Aerated Concrete Industries Company - Qatar - W.L.L. while the comparative figures for the year ended December 31, 2014 do not include such information as folows:

Consolidated statement of financial position

Assets:	2015
Cash and cash equivalents	136,339
Accounts receivable and other debt balances	679,750
Inventories	815,573
Property, plant and equipments	10,270,657

Liabilities:	2015
Due to banks	(3,971)
Accounts payable and other credit balances	(611,879)
Provision for end service indemnity	(48,623)

	2015
Consolidated statement of profit or loss:	
Operating revenue	2,841,948
Operating cost	(2,013,187)
General and administration expenses	(471,003)
Selling expenses	(168,654)
Depreciation and amortization	(65,841)
Other income	38,167
Foreign exchange gain	3,533

b. On December 29, 2015, the parent company acquired 74.59 % of Al - Masaken United Real Estate - K.S.C (Closed) and its subsidiaries which was classified previously as investment in an associate with ownership percentage of 11.25 % to be a subsidiary with ownership percentage of 85.84 %. The fair value of identifiable net assets, liabilities and bargain purchase resulting from purchasing the subsidiary are as follows:

	Fair value
Cash and cash equivalents	322,582
Wakala investment	850,000
Accounts receivable and other debit balances	22,857
Due from related parties	1,243,276
Land and properties held for trading	4,384,528
Investment in an associate	1,417,719
Investment properties	15,610,137
Property, plant and equipment	17,862
Accounts payable and other credit balances	(974,102)
Due to related parties	(715,538)
Provision for end of services indemnity	(11,163)
Net fair value for assets and liabilities	22,168,158
Ownership percentage	%85.844
Net assets	19,030,067
Present value of the consideration paid	(15,921,256)
Fair value of transferred from investment in an associate	(2,493,917)
Bargain purchase on acquisition of a subsidiary	614,894

Present value of consideration paid represented as follows:

	Total
Cash consideration paid	6,171,544
Present value for the future contractual payments of acquisition (Note 5)	9,749,712
Total amount of acquisition	15,921,256

Net cash flow used in acquisition:

	Total
Net cash out flow on acquisition	6,171,544
Less: Cash and cash equivalent balance of the acquired subsidiary	(322,582)
Net cash used in acquisition	5,848,962

The accompanying consolidated financial statements of the Group as of December 31, 2015 include the financial statements related to Al Masaken United Real Estate Company K.S.C (Closed) and its subsidiaries while the comparative figures for the year ended December 31, 2014 do not include such information as follows:

Consolidated statement of financial position	2015
Assets:	
Cash and cash equivalents	322,582
Wakala investment	850,000
Accounts receivable and other debit balances	22,857
Due from related parties	1,243,275
Properties held for trading	4,384,528
Investment in an associate	1,417,719
Investment properties	15,610,137
Property, plant and equipment	17,862
Liabilities:	
Accounts payable and other credit balances	(897,260)
Dividends payable to shareholders	(33,199)
Due to related parties	(715,539)
Provision for end of services indemnity	(11,163)

Consolidated statement of profit or loss	2015
Net real estate revenue	489,887
General and administrative expenses	(351,149)
Selling expenses	(45,660)
Depreciation and amortization	(6,714)
Group's share of result from an associate	(55,094)
Gain on sale of property plant and equipment	4,967
Impairment loss of ownership interest of an associate	(1,600,000)
Net investment income	38,367
Provision for doubtful debts	(367,671)
Other income	19,043

c. Financial instruments:

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, receivables, financial assets available for sale, due from / to related parties, due to banks, term loans, Murabaha payable and accounts payable.

- Financial assets

- Accounts receivable

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss

- Financial investments

Initial recognition and measurement

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

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months from the end of the reporting period.

Purchases and sales of those financial assets are recognized on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial assets available for sale are subsequently carried at fair value. The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Realized and unrealized gains and losses from financial assets at fair value through profit or loss are included in the consolidated statement of profit or loss. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in cumulative changes in fair value in other comprehensive income, except for available for sale debt instruments, where the foreign exchange differences component is recognized in the consolidated statement of profit or loss, while other fair value changes are recognized in cumulative changes in fair value in other comprehensive income.

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

When a financial asset available for sale is disposed off or impaired, any prior fair value earlier reported in other comprehensive income is transferred to the consolidated statement of profit or loss.

Derecognition

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

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. Significant decline is evaluated against the original cost of the financial asset and prolonged against the period in which fair value has been below its original cost. If any such evidence exists for financial assets available for sale, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on available for sale equity instruments are not reversed through the consolidated statement of profit or loss. Impairment losses recognized for available for sale debt instruments are reversed through the consolidated statement of profit or loss if the increase in fair value can be objectively related to an event occurring after the impairment loss was previously recognized.

- Accounts payable:

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

- Borrowings:

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

- Murabaha payable:

Murabaha payable represents the amounts due to pay for purchased assets for others on deferred basis as per Murabaha facility agreements. Murabaha balances are reported with full credit balances after deducting finance charges pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective interest method.

d. Gross amount due from (to) customers for contract work:

Gross amount due from (to) customers for contract work represents the net amount of costs incurred plus recognized profits, less the sum of recognized losses and progress billings for all contracts in progress. Cost comprises direct materials, direct labor and an appropriate allocation of overheads. For contracts where progress billings exceed costs incurred plus recognized profit (less recognized losses), the excess is included under liabilities.

- Inventories:

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

- Investment in associates:

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

osses of an associate in excess of the Group interest in that associate (which includes any long-term interests that, in substance, form part of the Group net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group interest in the associate.

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate 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 recognizes the amount in the consolidated statement of profit or loss..

e. Investment properties:

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transactions costs. Subequent to the initial recognition, investment properties are stated at their fair value at the end of the reporting period. Gains and losses arising from changes in the fair value of investment properties are included in the conslidated statement of profit or loss for the period in which they arise. Property interest that is held under an operating lease is classified and accounted for as investment property when the property would otherwise meet the definition of an investment property and the lessee uses the fair value model.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

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

In case of changing the property from the owner use to investment property, the Group treated the property in the same accounting policy used for property, plant and equipments till the date of changing the use.

f. Properties held for trading

Properties acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading is charged to other operating expenses.

g. Rights of utilization:

Leasehold right represents the Group's right to use a leased lands from the State of Kuwait . It is recognized initially at cost, and certain rights of utilization subsequently are measured at cost less accumulated amortization over the expected utilization period which is estimated at 20 years.

h. Property, plant and equipment:

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified in the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is computed on a straight-line basis over the estimated useful lives of other property, plant and equipment as follows:

	Years
Buildings	20
Motor vehicles	3
Tools	3
Furniture and fixtures	5 - 3
Software	5

Machinery and equipments for factories are depreciated based on units of production method.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

k) Business combinations and goodwill:

Business Combinations

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

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

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

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

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

Goodwill:

Goodwill represents the excess of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of profit or loss any excess remaining after that remeasurement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investment in associates' in note 2(f).

i. Impairment of assets:

At the end of each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

j. Provision for end of service indemnity:

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of financial period and approximates the present value of the final obligation.

k. Share capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l. Share premium:

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

m. Treasury shares:

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium.

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

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's shareholders.

n. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Sales

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer. The Group does not practice any activity for Customer Loyalty Programs.

- Rendering of services

Revenue is recognized when the service is rendered.

- Construction contracts

  Revenue from construction contracts is recognized in accordance with the percentage of completion method of accounting measured by reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract. Profit is only recognized when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners. Anticipated losses on contracts are recognized in full as soon as they become apparent.

  Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

- Interest income

  Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

- Dividend income

  Dividend income is recognized when the right to receive payment is established.

- Rent

  Rental income is recognized, when earned, on a time apportionment basis.

- Gain on sale of financial assets

  Gain on sale of financial assets is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

- Other income

  Other income are recognized on accrual basis.

o. Provisions:

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

p. Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

q. Leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases.

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

Finance Lease

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

r. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS):

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the consolidated profit of the Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Company's share of income from shareholding subsidiaries and associates, transfer to statutory reserve, and any accumulated losses.

s. National Labor Support Tax (NLST):

National Labor Support Tax (NLST) is calculated at 2.5% on the consolidated profit of the Company before contribution to Kuwait Foundation for the Advancement of Sciences, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Company's share of profit from associates & un-consolidated subsidiaries listed in Kuwait Stock Exchange, its share of NLST paid by subsidiaries listed in Kuwait Stock Exchange, and cash dividends received from companies listed in Kuwait Stock Exchange in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 for year 2006 and their executive regulations.

t. Zakat:

Zakat is calculated at 1% on the consolidated profit of the Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Company's share of profit from Kuwaiti shareholding associates & un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with law No. 46 for year 2006 and Ministerial resolution No. 58 for year 2007 and their executive regulations.

u. Foreign currencies:

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting date are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

v. Contingencies:

Contingent liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

w. Segment reporting:

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

x. Dividend distribution to shareholders:

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

y. Critical accounting estimates and judgments:

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a. Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

1. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

2. Determination of contract cost

Determination of costs which are directly related to the specific contract or attributable to the contract activity in general requires significant judgment. The determination of contract cost has a significant impact upon revenue recognition in respect of long term contracts. The Group follows guidance of IAS 11 for determination of contract cost and revenue recognition.

3. Classification of lands

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

- Properties held for trading

When the intention of the Group is to sell land in the ordinary course of business, the land is classified as properties held for trading.

- Work in progress

When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

- Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

4. Provision for doubtful debts and inventory

   The determination of the recoverability of the amount due from customers and the marketability of the inventory and the factors determining the impairment of the receivable and inventory involve significant judgment.

5. Classification of financial assets

   On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "available for sale" or "held to maturity". The Group follows the guidance of IAS 39 on classifying its financial assets.

   The Group classifies financial assets as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through profit or loss at inception, provided their fair values can be reliably estimated. The Group classifies financial assets as "held to maturity" if the Group has the positive intention and ability to hold to maturity. All other financial assets are classified as "available for sale".

6. Impairment of financial assets

   The Group follows the guidance of IAS 39 to determine when an available-for-sale equity instruments is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, a significant or prolonged decline in the fair value below its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The determination of what is "significant" or "prolonged" requires significant judgment.

7. Application of IFRIC 15 - Agreements for the construction of real estate.

   The determination whether the agreements within the scope of IAS 11 - Construction Contracts or IAS 18 - Revenue require significant judgment.

8. Business combinations.

   At the time of Group's acquisition to subsidiaries, the Group considers whether the acquisition represents the acquisition of a business or of an asset (or a group of assets and liabilities). The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. More specifically, consideration is made to the extent of which significant processes are acquired. The significance of processes requires significant judgment.

   Where the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of an asset (or a group of assets and liabilities). The cost of acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognized.

9. Control assessment

   When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

10. Material non-controlling interests

   The Group's management considers any non-controlling interests which accounts for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in Note (32).

b. Estimates and assumptions:

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

1. Fair value of unquoted equity financial assets:

   If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

2. Impairment of Goodwill:

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

3. Long term contracts:

   Revenue from long term contracts is recognized in accordance with the percentage of completion method of accounting measured by reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract. The revenue recognition as per the above criteria should correspond to the actual work completed. The determination of estimated costs and the application of percentage of completion method involve estimation. Further, the budgeted cost and revenue should consider the claims and variations pertaining to the contract.

4. Provision for doubtful debts and inventory:

   The extent of provision for doubtful debts and inventories involves estimation process. Provision for doubtful debts is made when there is an objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventory are subject to management approval.

5. Revaluation of investment properties:

   The Group carries its investment properties at fair value, with change in fair values being recognised in the consolidated statement of profit or loss. Two main methods were used to determine the fair value of the investment properties:

   a. Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

   b. Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser

6. Impairment of non-financial assets:

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. Accounts receivable and other debit balances

	2015	2014
Trade receivables (a)	19,423,506	14,853,415
Provision for doubtful debts (b)	(9,402,198)	(8,746,962)
	10,021,308	6,106,453
Cheques under collection	1,184,289	880,188
Advance payments	2,459,921	3,894,703
Prepaid expenses	606,894	549,595
Retentions	2,249,203	1,670,282
Refundable deposits	159,883	126,946
Letter of credit	752,537	298,691
Others	388,553	339,341
	17,822,588	13,866,199

a. Trade receivables:

As of December 31, 2015, trade receivables amounting to KD 9,402,198 (2014 - KD 8,746,962) were impaired and provided for.

The aging analysis of these trade receivables is as follows:

			Impaired	
	6 - 1 months	12 - 6 months	Over one year	Total
2015	5,827,051	4,194,257	9,402,198	19,423,506
2014	4,212,245	1,894,208	8,746,962	14,853,415

b. Provision for doubtful debts:

Provision for doubtful debt movement is as follows:

	2015	2014
Balance at the beginning of the year	8,746,962	2,847,841
Effect of consolidation of a subsidiary	2,899	5,423,064
Effect of liquidation of a subsidiary	-	(3,467)
Provision charge for the year (Note 28)	606,961	482,662
Utilized in the year	(1,000)	(4,141)
Foreign currency translation adjustments	46,376	1,003
Balance at the end of the year	9,402,198	8,746,962

c. The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Further, the Group does not hold any collateral as security for accounts receivable and other debit balances.

4. Gross amount due from (to) customers for contract work

	2015	2014
Contract costs incurred to date plus recognized profits	17,594,367	7,333,947
Progress billings	(18,042,945)	(8,331,167)
	(448,578)	(997,220)
Represented by:		
Gross amount due from customers for contract work	2,215,887	1,304,877
Gross amount due to customers for contract work	(2,664,465)	(2,302,097)
	(448,578)	(997,220)

5. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel, associates and other related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

	Major shareholders	Associate	Other related parties	2015	2014
Balances included in the consolidated statement of financial position					
Due from related parties	307,274	-	8,447,928	8,755,202	9,779,176
Due to related parties	-	7,179,093	132,413	7,311,506	758,900
Transactions included in the consolidated statement of profit or loss					
Operating cost	-	-	-	-	259,507

The Parent Company purchased shares of Masaken United Real Estate Co. K.S.C. (Closed) (Subsidiary) during the year ended December 31, 2015, from Masaken International Real Estate Development Co. K.S.C. (Closed) (Public) (Associate) for an amount of KD 9,749,712 (Note 2).

6. Compensation to key management personnel

	2015	2014
Short term benefits	296,400	296,400
Termination benefits	24,536	24,536

Inventories

	2015	2014
Raw materials	13,509,762	7,268,434
Finished goods	4,755,170	1,969,839
Spare parts	3,587,910	1,274,922
	21,852,842	10,513,195
Provision for slow moving inventories (a)	(437,539)	(437,107)
	21,415,303	10,076,088

a. The movement on provision for slow moving inventory is as follows:

	2015	2014
Balance at beginning of year	437,107	202,000
Effect of consolidation of a subsidiary	1,378	235,107
Provision charge for the year (Note 28)	8,207	-
Utilized during the year	(9,350)	-
Foreign currency translation adjustments	197	-
Balance at end of the year	437,539	437,107

7. Properties held for trading

	2015	2014
Balance at beginning of year	6,544,956	-
Effect of consolidation of a subsidiary (a)	4,384,528	-
Additions during the year	246,244	6,544,956
Foreign currency translation adjustments	540,045	-
Balance at end of the year	11,715,773	6,544,956

a. This amount represents properties and lands held for trading in K.S.A. which resulted from the Group's acquisition of Al Masaken United Real Estate Co. K.S.C. (Closed) (Note 2).

8. Financial assets available for sale

	2015	2014
Financial assets in unquoted shares	1,011,713	1,257,791
	1,011,713	1,257,791

The movement during the year is as follows:

	2015	2014
Balance at the beginning of the year	1,257,791	1,620,256
Effect of liquidation of a subsidiary	-	(173,455)
Disposals	(64,163)	(4,866)
Impairment loss in value (Note 27)	(181,915)	(184,144)
Balance at the end of the year	1,011,713	1,257,791

Investments available for sale are denominated in the following currencies :

	2015	2014
Kuwaiti Dinar	1,011,713	1,190,250
Bahraini Dinar	-	67,541
	1,011,713	1,257,791

It was not possible to reliably measure the fair value of investment in unquoted shares amounting to KD 1,011,713 (2014 - KD 1,257,791) due to non-availability of a reliable method that could be used to determine the fair value of such financial assets. Accordingly, they were stated at their cost less impairment losses.

9. Investment in associates

The investment in associates consists of the following:

	Country of Incorporation	Main activities	Ownership percentage % 2015	Ownership percentage % 2014	2015	2014
Aerated Concrete Industries Company - Qatar - W.L.L. (a)	State of Qatar	Industrials	-	49	-	1,077,887
Al-Masaken International for Real Estate Development -K.S.C. (Public)	State of Kuwait	Real Estates	35	35	7,834,666	9,355,093
Al-Masaken United Real Estate Co. K.S.C. (Closed) (b)	State of Kuwait	Real Estates	-	11.25	-	2,462,633
ACICO Kuwaiti Syria Company - W.L.L.	Syria	Industrials	50	50	18,263	18,263
					7,852,929	12,913,876

The movement during the year is as follows:

	2015	2014
Balance at the beginning of the year	12,913,876	12,639,662
Group's share of results from associates	(648,570)	339,474
Group's share of other comprehensive (loss) income from associates	(190,235)	182,239
Group's share of change in equity of an associate	(66,152)	-
Cash dividends received from an associate	(840,000)	(247,499)
Transferred to subsidiaries	(3,315,990)	-
Balance at the end of the year	7,852,929	12,913,876

a. As of January 1, 2015, the Parent Company acquired 51% of Aerated Concrete Industries Co. - Qatar W.L.L. that was previously an associate with an ownership percentage of 49% to be a subsidiary fully owned which results in a gain with an amount of KD 371,579 (Note 2).

b. As of December 29, 2015, the Parent Company acquired 74.549% of Al Masaken United Real Estate Co. K.S.C. (Closed) that was previously an associate with an ownership percentage of 11.25% to be a subsidiary owned by 85.84% which resulted in a gain amounting to KD 614,894 (Note 2).

c. During the fiscal year ended December 31, 2015, the Group recorded amount of KD 308,942 in the consolidated statement of profit or loss resulted from gain from re-measurement of previously held interest in associates.

The Group has not accounted for its share of results in ACICO Kuwaiti Syria Company - W.L.L. since the associate has not yet commenced operations till the date of the consolidated financial statements.

Summarized financial information for associates are as follows:

Al-Masaken International for Real Estate Development -K.S.C.(Public)

Summarized statement of financial position

	2015	2014
Current assets	25,418,619	12,019,155
Non-current assets	13,780,787	26,658,127
Current liabilities	(8,169,077)	(10,334,306)
Non-current liabilities	(7,578,247)	(2,657,636)
Net Assets	23,452,082	25,685,340
Group's ownership percentage	%35	%35
Elimination of profit resulted from transactions with the Parent Company	(323,666)	-
Other adjustments	(49,897)	365,224
Carrying value of Al Masaken International for Real Estate Development - K.S.C. (Public)	7,834,666	9,355,093

Summarized statement of profit or loss

	2015	2014
Operating income	4,367,796	7,048,389
Operating cost	(4,033,587)	(6,391,858)
Other expenses	(2,757,045)	(606,216)
Other income	2,094,842	1,430,963
Net (loss) profit	(327,994)	1,481,278
Other comprehensive (loss) income	(502,319)	367,618
Total comprehensive (loss) income	(830,313)	1,848,896
Share of result from associate	(114,798)	518,447
Share of associate's other comprehensive (loss) income	(175,812)	128,666
Dividends received	840,000	-

10. Investment in unconsolidated subsidiaries

Name of the subsidiary	Country of Incorporation	Main activities	2015	2014
ACICO Food Concepts Restaurants Co. W.L.L.	State of Kuwait	Management of Restaurants	50,000	50,000
Mariam Al Subah & Co. for General Trading Co. W.L.L. (a)	State of Kuwait	General Trading and contracting	4,239,529	-
			4,289,529	50,000

a. During the year, the parent Co. acquired Mariam Al Subah & Co. for General Trading Co. W.L.L. for an amount of KD 4,239,529.

The Group has not accounted for its share of results in their subsidiaries, since these subsidiaries had not yet commenced operations till reporting date.

11. Investment properties

	2015	2014
Balance at the beginning of the year	173,146,618	172,441,618
Effect of consolidation of a subsidiary (Note 2)	15,610,137	-
Changes in fair value of investment properties (Note 25)	(56,916)	705,000
Foreign currency translation adjustments	6,377,798	-
Balance at the end of the year	195,077,637	173,146,618

Investment properties with fair value of KD 159,758,644 (2014 - KD 154,131,912) are pledged in favor of local banks against due to banks, term loans and murabaha payable.

The fair value of investment properties is based on valuations performed by accredited independent valuation experts using recognized valuation techniques and principles.

In estimating the fair value of investment properties, valuers had used the valuation techniques listed in the following schedule, and had considered the nature and usage of the investment properties.

Class of investment property	Valuation technique	Level 2	Level 3
Building	Discounted cash flow	-	173,146,618
Lands	Sales comparison	21,931,019	-
Total		21,931,019	173,146,618

Management of the Group has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

12. Right of utilization of leasehold land

Right of utilization of leasehold land represented in two pieces of land inside State of Kuwait, the first land is located in Sulaibiya Area with amount of KD 12,050,000 and the second land is located in Shuaiba Industrial Area with an amount of KD 378,329 and the contracts will end on October 12, 2016 and October 15, 2016 respectively and are renewable.

13. Property, plant and equipment

	Buildings	Machinery and equipments	Motor vehicles	Tools	Furniture and fixtures	Software	Capital work in progress	Total
Cost:								
As of December 2014 ,31	18,717,829	39,394,135	10,551,131	593,299	1,468,929	684,757	2,138,267	73,548,347
Effect of consolidation of subsidiaries	4,353,202	5,569,130	104,308	153,329	111,305	44,537	552,984	10,888,795
Additions	315,898	1,954,754	8,634,639	299,748	230,128	31,764	13,268,248	24,735,179
Disposals	-	(28)	(201,196)	(130,250)	-	-	-	(331,474)
Transferred from capital work in progress	709,875	1,198,265	404,282	-	459,067	-	(2,771,489)	-
Foreign currency translation adjustments	692,411	778,524	15,369	5,566	40,619	4,916	61,409	1,598,814
As of December 2015 ,31	24,789,215	48,894,780	19,508,533	921,692	2,310,048	765,974	13,249,419	110,439,661
Accumulated depreciation:								
As of December 2014 ,31	5,988,348	11,336,283	5,444,544	284,541	669,943	542,547	-	24,266,206
Effect of consolidation of subsidiaries	444,308	82,273	78,251	92,816	104,122	40,835	-	842,605
Charge for the year	957,642	1,004,133	1,608,776	119,869	257,422	110,799	-	4,058,641
Related to disposals	-	(27)	(195,540)	(130,081)	-	-	-	(325,648)
Foreign currency translation adjustments	140,001	88,728	12,222	3,291	17,217	4,020	-	265,479
As of December 2015 ,31	7,530,299	12,511,390	6,948,253	370,436	1,048,704	698,201	-	29,107,283
Net book value:								
As of December 2015 ,31	17,258,916	36,383,390	12,560,280	551,256	1,261,344	67,773	13,249,419	81,332,378
As of December 2014 ,31	12,729,481	28,057,852	5,106,587	308,758	798,986	142,210	2,138,267	49,282,141

The Company's factory buildings are constructed on land leased from the Government for 25 years ending on June 30, 2017 and is renewable.
Cost of sales include depreciation charge for the year amounting to KD 3,698,478 (2014 - KD 2,536,226).
Properties with net book value of KD 9,302,267 (2014 - KD 9,356,256) are first degree pledged in favor of local banks against term loans.

14. Due to banks

Annual interest rate on bank overdrafts varies from 1.5% to 2% (2014 - from 2.25% to 2.5%), over the Central Bank of Kuwait discount rate and payable on demand.

The balance of due to banks are pledged against investment property and property, plant and equipment.

15. Accounts payable and other credit balances

	2015	2014
Trade payable	12,969,512	8,682,823
Payable for acquisition of a subsidiary (a)	3,650,600	4,135,056
Advance payments from customers and deposits from others	3,338,059	560,151
Post dated cheques	333,786	1,296,097
Subcontractors and retention payables	3,767,423	2,870,403
Accrued staff leave	899,486	594,639
Payable to Kuwait Foundation for Advancement of Sciences	391,254	355,033
National Labor Support Tax payable	610,108	376,102
Zakat payable	344,436	294,024
Board of Directors' remuneration payable	87,000	72,000
Provisions for lawsuits, projects and maintenance work	778,464	943,604
Accrued expenses and others	3,175,046	2,966,229
	30,345,174	23,146,161

a. Payable for acquisition of a subsidiary resulted from acquiring of ACICO Construction Co. K.S.C. (Closed) (Subsidiary) to 100% of Industrial Building & Construction Co. K.S.C. (Closed) during the year ended December 31, 2014, the Group paid a portion of this amount during the year ended December 31, 2015.

Accounts payable and other credit balances represent as follows:

	2015	2014
Current portion	23,527,751	19,728,808
Non-current portion	6,817,423	3,417,353
	30,345,174	23,146,161

16. Term loans

This item represents as follows:

	2015	2014
Current portion	33,235,429	15,346,016
Non-current portion	126,123,364	96,720,983
	159,358,793	112,066,999

The term loans carry interest rate ranging from 1.5% to 2.75% (2014 - 1.25% to 2.75%) per annum over the Central Bank of Kuwait discount rate as of December 31,2015.

The loans are guaranted by certain assets carried at book value as follows :

	2015	2014
First degree pledge for Investment properties carried at fair value	113,300,906	109,310,425
First degree pledge for property, plant and equipment	9,302,267	9,356,256
	122,603,173	118,666,681

17. Murabaha payable

	2015	2014
Murabaha payable	50,690,311	53,550,814
Less: Unamortized future finance charges	(1,148,561)	(611,411)
Present value of Murabaha payable	49,541,750	52,939,403

Represented as:

	2015	2014
Current portion	8,373,750	973,401
Non-current portion	41,168,000	51,966,002
Present value of Murabaha payable	49,541,750	52,939,403

Murabaha payable carries finance charges ranging from 3.25% to 4.5% (2014 - from 4% to 5%) per annum.

Investment property with fair value of KD 46,457,738 (2014 - KD 44,821,487) are pledged against Murabaha payable in addition to joint guarantees.

18. Provision for end of service indemnity

	2015	2014
Balance at the beginning of the year	2,118,534	1,756,577
Effect of consolidation of a subsidiary	46,345	269,052
Effect of liquidation of a subsidiary	-	(279,081)
Charge for the year	1,119,665	472,802
Paid during the year	(506,631)	(105,488)
Foreign currency translation adjustments	16,737	4,672
Balance at the end of the year	2,794,650	2,118,534

19. Share capital

Authorized, issued and fully paid up capital amounted to KD 27,428,908 (December 31, 2014 - KD 26,122,770) distributed into 274,289,084 shares (December 31, 2014 - 261,227,699 shares) of 100 fils each and all shares are in cash.

Pursuant to a memorandum issued from the department of shareholding companies No. 1146 dated May 4, 2015 based on the decision of the Extraordinary General Assembly meeting held on April 14, 2015, the following were approved:

a. Increase the company's capital from KD 26,122,770 to KD 27,428,908, an increase amounting to KD 1,306,138, through the distribution of bonus shares of 13,061,385 shares with the percentage of 5% of the share capital by 5 shares for every 100 shares allocated to the existing shareholders in the Parent Company's records at the date of the General Assembly meeting.

b. Amendment article No. (5) of Memorandum of Incorporation and article No. (6) of Article of Association of the parent company to be as follows : "Company's capital has been determined of KD 27,428,908 distributed into 274,289,084 shares of 100 fils each and all shares are in cash".

20. Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

21. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax, contribution to Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

22. Voluntary reserve

As required by 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 Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors.

As per the decision of the Board of Directors, it was decided not to transfer to voluntary reserve.

23. Treasury shares

	2015	2014
Number of shares	1,190,538	1,133,846
Percentage of issued shares	0.43	0.43
Market value (KD)	345,256	340,154
Cost (KD)	432,774	432,774

Based on Capital Markets Authority resolution dated December 30, 2014, the Company's management has allotted an amount equal to treasury shares balance from the available retained earnings as of the consolidated financial statements date. Such amount will not be available for distribution during treasury shares holding period.

24. Segment reporting

Following are the segment information for the main activities of the Group:

	December 2015 ,31					
	Industrial	Real estate	Contracting	Total	Entries to eliminate inter-company transactions / Non controlling interest	Total
Operating revenue	108,122,355	-	15,793,641	123,915,996	(25,860,335)	98,055,661
Operating cost	90,176,032	-	13,689,242	103,865,274	(24,347,386)	79,517,888
Net real estate revenue	-	9,061,503	-	9,061,503	-	9,061,503
Finance charges	1,558,911	6,131,265	-	7,690,176	-	7,690,176
Depreciation and amortization	374,628	-	42,991	417,619	-	417,619
Net profit for the year	7,056,833	1,949,919	734,576	9,741,328	(1,361,262)	8,380,066
Total assets	180,804,574	226,577,812	5,621,052	413,003,438	(41,897,065)	371,106,373
Total liabilities	58,162,731	196,168,237	4,992,747	259,323,715	1,032,885	260,356,600

	December 2014 ,31					
	Industrial	Real estate	Contracting	Total	Entries to eliminate inter-company transactions / Non controlling interest	Total
Operating revenue	78,592,785	-	9,979,579	88,572,364	(28,790,583)	59,781,781
Operating cost	63,866,131	-	8,904,231	72,770,362	(26,831,627)	45,938,735
Net real estate revenue	-	9,409,978	-	9,409,978	-	9,409,978
Finance charges	1,459,568	5,985,508	12,228	7,457,304	-	7,457,304
Depreciation and amortization	163,205	-	94,091	257,296	-	257,296
Net profit for the year	7,049,981	2,456,238	(452,777)	9,053,442	(718,906)	8,334,536
Total assets	108,459,819	194,856,499	5,935,082	309,251,400	(11,378,546)	297,872,854
Total liabilities	47,879,668	147,429,833	5,815,951	201,125,452	442,997	201,568,449

25. Net real estate revenue

	2015	2014
Change in fair value of investment properties (Note 11)	(56,916)	705,000
Net rental revenue	9,118,419	8,704,978
	9,061,503	9,409,978

26. General and administrative expenses

General and administrative expenses include staff cost amounting to KD 5,363,484 (2014 - KD 3,508,639).

27. Net financial assets loss

	2015	2014
Tawaroq loss	(18,557)	(49,123)
Impairment loss in value of financial assets available for sale	(181,915)	(184,144)
Realized loss on sale of financial assets available for sale	21,494	-
	(178,978)	(233,267)

28. Provisions

	2015	2014
Provision for doubtful debts (Note -3B)	606,961	482,662
Provision for slow moving inventories (Note -6a)	8,207	-
	615,168	482,662

29. Board of Directors' remuneration

The Board of Directors' meeting held on March 23, 2016 proposed a remuneration for Board of Directors' members amounting to KD 45,000 for the year ended December 31, 2015.

The proposed Board of Directors' remuneration is subject to the approval of the Parent Company's Shareholders' General Assembly.

The Parent Company's Shareholders General Assembly meeting held on April 14, 2015 approved a remuneration for Board of Directors' members with amount of KD 45,000 for the year ended December 31, 2014.

30. Earnings per share attributable to parent company's shareholders

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

	2015	2014
Net profit for the year attributable to Parent Company's shareholders	8,380,066	8,334,536
	Shares	Shares
Number of shares outstanding:		
Number of issued shares at beginning of the year	261,227,699	261,227,699
Add: Bonus shares	13,061,385	13,061,385
Deduct: Weighted average number of treasury shares	(1,190,538)	(1,190,538)
Weighted average number of shares outstanding at end of the year	273,098,546	273,098,546
	Fils	Fils
Earnings per share attributable to Parent Company's shareholders	30.69	30.52

Basis earning per share for the year ended December 31, 2014 is 32.04 fils before restatement for the issue of bonus shares.

31. General assembly and dividend distribution

Bonus shares

The Board of Directors' meeting held on March 23, 2016 recommended a cash dividend of 15 fils per share. This recommendation is subject to the approval of the Parent Company's Ordinary Shareholders Annual General Assembly.

Bonus shares

The Board of Directors' meeting held on March 23, 2016 recommended bonus shares of 5 shares for every 100 shares held. This recommendation is subject to the approval of the Parent Company's Ordinary Shareholders Annual General Assembly.

The Parent Company's Shareholders Annual General Assembly meeting held on April 14, 2015 had approved the distribution of cash dividends of 15 fils per share and 5 bonus shares for every 100 shares for the year ended December 31, 2014.

The Parent Company's Shareholders Annual General Assembly meeting held on May 15, 2014 had approved the distribution of cash dividends of 10 Fils per share and 5 bonus shares for every 100 shares for the year ended December 31, 2013.

32. Principal subsidiaries with major non - controlling interests which are material to the Group

Name of subsidiary	Country of incorporation	Principal activities	Ownership interests held by the Group		Ownership interests held by the NCI	
			2015	2014	2015	2014
ACICO for Construction K.S.C. (Closed)	State of Kuwait	Concrete constructions and contracting	%75	%75	%25	%25

Summarized information for principal subsidiaries with major non - controlling interests which are material to the Group.

ACICO for Construction - K.S.C. (Closed)

Summarized statement of financial position:

	2015	2014
Current assets	36,396,419	20,032,821
Current liabilities	(40,661,931)	(24,272,759)
Net current assets	(4,265,512)	(4,239,938)
Non-current assets	51,376,478	34,675,775
Non-current liabilities	(33,473,771)	(19,908,323)
Net non-current assets	17,902,707	14,767,452
Net Assets	13,637,195	10,527,514
Net assets attributable to equity holders of parent company	10,227,896	7,895,636
Net assets attributable to NCI	3,409,299	2,631,878

Summarized statement of profit or loss and other comprehensive income

	2015	2014
Revenue	74,603,524	43,662,098
Net profit for the year	5,665,427	3,407,662
Total comprehensive income for the year	5,665,427	3,407,662
Total comprehensive income attributable to equity holders of parent company	4,249,070	2,555,747
Total comprehensive income attributable to NCI	1,416,357	851,915

33. Legal cases

There are certain lawsuits raised by / against the group, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group, there will be no material adverse impact on the Group's consolidated financial statements, and hence, no additional provisions were recorded in the Group's records due to the sufficiency of the currently recorded provisions for those claims as of the reporting date. (Note 15)

34. Financial Risk Management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, receivables, financial assets, due from/to related parties, due to banks, term loans, murabaha payable and payables and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a. Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest bearing financial assets and liabilities are reprised or mature are indicated in the respective notes.

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

Year	Increase / (Decrease) in interest rate	Balance as at December 31	Effect on consolidated statement of profit or loss
2015			
Due to banks	± %0.5 basis points	7,067,985	± 35,340
Term loans	± %0.5 basis points	159,358,793	± 796,794
Murabaha payable	± %0.5 basis points	49,541,750	± 247,709
2014			
Due to banks	± %0.5 basis points	7,139,457	± 35,697
Term loans	± %0.5 basis points	112,066,999	± 560,335
Murabaha payable	± %0.5 basis points	52,939,403	± 264,697

b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and due from related parties. The Group's cash at banks are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, receivables and due from related parties.

c. Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between the following foreign currencies and Kuwaiti Dinar.

2015	Increase / (Decrease) against KD	Effect on consolidated statement of profit or loss (Kuwaiti Dinar)	Effect on consolidated comprehensive income (Kuwaiti Dinar)
AED	± 5 %	± 400,832	± 787,104
SAR	± 5 %	± 2,566	± 79,418
QAR	± 5 %	± 8,248	± 128,018

2014	Increase / (Decrease) against KD	Effect on consolidated statement of profit or loss (Kuwaiti Dinar)	Effect on consolidated comprehensive income (Kuwaiti Dinar)
AED	± 5 %	± 16,626	± 370,692
SAR	± 5 %	-	± 74,069

d. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in the investments that are readily realizable.

Maturity Table for financial liabilities:

2015

Financial liabilities	3-1 months	12-3 months	Over 1 year	Total
Due to banks	-	7,067,985	-	7,067,985
Accounts payable and other credit balances	1,653,099	21,874,652	6,817,423	30,345,174
Dividends payable to shareholders	1,272,277	-	-	1,272,277
Due to related parties	132,413	7,179,093	-	7,311,506
Term loans	-	33,235,429	126,123,364	159,358,793
Murabaha payable	-	8,373,750	41,168,000	49,541,750
Total	3,057,789	77,730,909	174,108,787	254,897,485

2014

Financial liabilities	3-1 months	12-3 months	Over 1 year	Total
Due to banks	-	7,139,457	-	7,139,457
Accounts payable and other credit balances	1,484,361	18,244,447	3,417,353	23,146,161
Dividends payable to shareholders	1,096,898	-	-	1,096,898
Due to related parties	-	-	758,900	758,900
Term loans	-	15,346,016	96,720,983	112,066,999
Murabaha payable	-	973,401	51,966,002	52,939,403
Total	2,581,259	41,703,321	152,863,238	197,147,818

e. Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as available for sale.

35. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At December 31, the fair value of financial instruments approximate their carrying amounts, with the exception of certain financial assets available for sale carried at cost as indicated in Note 8. The management of the Group has assessed that fair value of the financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of investment properties is mentioned in Note (11).

During the year there were no transfers between Level 1, Level 2 and Level 3.

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

36. Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividend paid to shareholders,return paid up capital to shareholders,issue new shares,sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2015	2014
Due to banks	7,067,985	7,139,457
Loans and Murabaha payable	208,900,543	165,006,402
Less: cash on hand and at banks	(2,211,324)	(2,187,566)
Net debt	213,757,204	169,958,293
Total equity	110,749,773	96,304,405
Total capital resources	324,506,977	266,262,698
Gearing Ratio	%65.87	%63.83

37. Contingent liabilities

Contingent liabilities for the Group as at the end of reporting period are as follows:

	2015	2014
Letters of guarantee	13,171,150	10,882,433
Letters of credit	10,845,041	4,625,696
	24,016,191	15,508,129

38. Comparative figures

Certain comparative amounts for previous year were reclassified to conform with the current year presentation which has no impact on total equity and the Group's net result