ANNUAL REVIEW 2015

الشركة المتحدة للمشروعات النفطية
United Oil Projects

Dar Al-Athar Al-Islamiyyah, one of Kuwait's leading cultural organizations, was created to manage activities related to The Al-Sabah Collection. The collection includes one of the world's finest assemblages of arts from the Islamic world. The collection consists of over 30,000 priceless objects, including manuscripts, scientific instruments, carpets, fabrics, jewelry, ceramics, ivory, metalwork and glass from countries such as Spain, India, China and Iran.

This year, the annual reports of KIPCO Group companies each feature a key ancient carpet from The Al-Sabah Collection. The images used within the reports reflect KIPCO's commitment to protecting and promoting Kuwait's heritage, while helping to build the nation's future.

The item pictured here (LNS 17 R) is a Star Ushak carpet made out of wool. It was made in Western Anatolia, around 1700 CE. The image is reproduced with the kind permission of The Al-Sabah Collection, Dar Al-Athar Al-Islamiyyah.

H.H. Sheikh Sabah
Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

H.H. Sheikh Nawaf
Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

About United Oil Projects Company (UOP)

United Oil Projects Company (UOP) is a member of KIPCO Group through its association with Qurain Petrochemical Industries Company (QPIC). UOP is one of the group's industrial investment arm in the Oil, Energy & Petrochemical Sector.

Qurain Petrochemical Industries Company (QPIC) was established in 2004 with a paid-up capital of KD110 million and was listed on Kuwait Stock exchange in 2007. QPIC is one of the largest local private investors within the petrochemical and industrial sectors. QPIC's investments portfolio includes -in addition to United Oil Projects (UOP)- Equate Petrochemicals (Equate), The Kuwait Olefins Company (TKOC), Kuwait Aromatics (KARO) within the Petrochemical sector. QPIC also owns substantial stakes in National Petroleum Services Company (NAPESCO) in the oil services industry, as well as Saudia Dairy & Foodstuff Company (SADAFCO) in food industries.

The KIPCO Group is one of the biggest holding companies in the Middle East and North Africa, with consolidated assets of US$ 32 billion as at 31 December 2015. The Group has significant ownership interests in over 60 companies operating across 24 countries. The group's main business sectors are financial services, media, real estate and manufacturing. Through its core companies, subsidiaries and affiliates, KIPCO also has interests in the education and medical sectors.

Contents

EXECUTIVE SUMMARY

The Company was established as Kuwait Chemical Manufacturing Co (KCMC)

1979

1981

Became operational as KCMC producing alkyds and polyesters resins, became a well-known Resin Manufacturing facility in the Arabian Gulf

Manufacturing facility was renovated

The company became one of the key producers of coatings resin and specialized chemical supplying to the local and international market

2001

2005

The Company was renamed as United Oil Projects to expand its activity in energy sector. Authorized and paid up capital increased from 2.5 million to 10 million Kuwaiti Dinars [USD 35.6 million]

Established a Joint-Venture company (M/s United Precision Drilling Co. WLL) for Upstream Drilling Sector

UOP gets certified to ISO9001:2008 (Quality Management System) Standard

Invested in National Petroleum Services Co (NAPESCO)

2006

2007

Acquired stake in Al-Khorayef Company - (25%)

2008

New range of Specialty resins started

2011

"PAI-UNIDO Pilot export development initiative" UOP was selected to be one of the participants by the Kuwait Industrial Export Development Center [IEDC]

2012

UOP gets certified to ISO14001:2004 (Environmental Management System) Standard

Attains the goal of 'Zero industrial liquid waste' effluent Company

2014

The Chemicals Division expanded sale of specialty products into new markets through technological prowess and superior customer service

Awarded with 'Gyroscopic Survey Services' contract by KOC through our Partner

2015

Awarded with 'Concentrated Solar Power [CSP] project for Enhanced Oil Recovery' by KOC through Partner

Trading Division has been strengthened through supply contracts for Chemicals, Turbine Filters, Pumps, Guages etc to the Oil Sector

Awarded with Silver Star Rating' by Ecovadis, a leading European multi-national accreditation company

36 YEARS OF CONTINUOUS DEVELOPMENT & INNOVATION

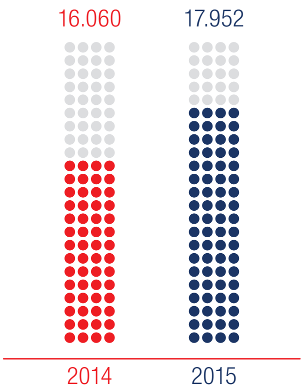
Executive Summary 2015

Business Highlight:

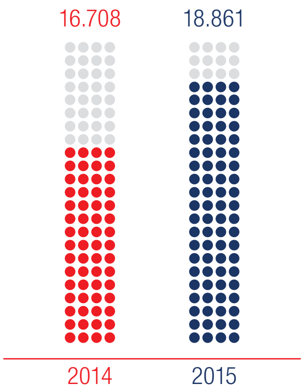
- UPDC continues to be recognized as a Star performer by Kuwait Oil Company and maintains a significantly positive outlook for greater participation in the future opportunities in the coming years.
- Al Khorayef has consistently demonstrated outstanding performance in terms of Operational Efficiency, Timely Performance and in maintenance of high levels of safety standards. It is noteworthy that GC-18 (earlier known as GC16), has been successfully commissioned as per the required standards of KOC and is currently under smooth operation.
- Al Khorayef has successfully commissioned Large Scale Thermal Pilot Project for LSTP Ratqa-North. As recognition of its professionalism, Al Khorayef was awarded the LSTP Ratqa-South. Further, KOC has also extended the Lower Fars Pilot facility contract for another 3 years.

Financial Highlight:

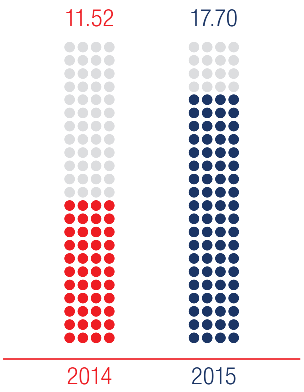
- UOP reported a Net Profit of KD 1.77 Million compared to KD 1.15 Million in the last year. The net comprehensive income for the year is KD 2.39 Million compared to KD 1.50 Million of the previous year.
- The net shareholders' equity has been continuously growing from 2009 onwards. In 2015, the total assets grew by 12.9% and the equity by 11.8%.



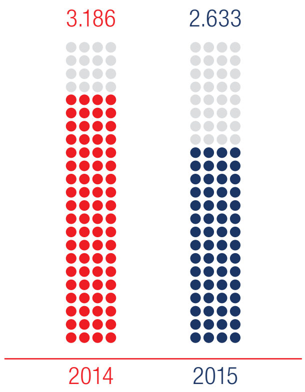
Shareholders' Equity
KD Million



Assets
KD Million



Earnings Per Share
Fils



Sales
KD Million

Financial Summary:

	2015	2014	2013	2012
Income Statement Highlights (KD '000)				
Gross Profit	**271**	325	317	229
Other Income	**2,337**	1,389	1,304	984
Operating Expenses	**(798)**	(531)	(503)	(432)
Net Profit for the year	**1,770**	1,152	1,092	762
Dividend	**6%**	5%	0	0
Financial Statement Highlights (KD '000)				
Total Assets	**18,861**	16,708	15,349	13,342
Investments	**13,242**	11,219	10,432	9674
Term Loans	**0**	0	0	0
Equity	**17,952**	16,060	14,561	12,892
Profitability				
Earnings per Share (fils)	**17.70**	11.52	10.92	7.6
Return on Average Assets	**9%**	7%	7%	6%
Return on Average Equity	**10%**	7%	7%	6%
Profit per Employee (KD 000')	**32.78**	23.04	24.27	16.93
Capital				
Equity / Total Assets	**95%**	96%	95%	97%
Debt / Equity	**5%**	4%	5%	3%
Liquidity & Business Indicators				
Investments / Total Assets	**70%**	67%	68%	73%
Liquid Assets / Total Assets	**18%**	20%	18%	15%
Number of Employees	**54**	50	45	45

Interpreting the pioneer vision of its founders, United Oil Projects Company (UOP) was incorporated in the early eighties under the name of Kuwait Chemical Manufacturing Company (KCMC), to meet both local and international market requirements for specialized chemicals.

In 2005, the company's management adopted a reformed strategy for the development of its activities to adroitly meet and accommodate the frequent economic transformations and developments, as well as to foster its returns through seizing available investment opportunities in the energy sector. As a result, the Company was subsequently re-named as United Oil Projects and the authorized and paid up capital was increased to 10 Million Kuwaiti Dinars approximately USD 32.9 million.

UOP focuses on specialized projects in the Energy, Oil & Gas and Petrochemical sectors through direct investment, alliances and joint ventures with the international market majors of these sectors. The key investment of UOP:

- United Precision Drilling Company (UPDC) continues to be one of United Oil Projects Company's (UOP) significant investments, with a ownership share of 47.5%. A Joint Venture in partnership with Weatherford International Company, the United Precision Drilling Company (UPDC) currently manages a number of rigs in the State of Kuwait and the neutral zone.
- Further, through Al-Khorayef United Holding Company (AKUH), United Oil Projects Company's (UOP) also owns 25% share in Al-Khorayef Company for sale maintenance & repair of oil production equipment L.L.C (AKC), a subsidiary of Saudi based Al-Khorayef Group, operating equipment supply contracts and oil-related facilities.

The Company's Chemical Division is a key producer of polymers, which are used in the manufacture of coatings and glass reinforced products, establishing a local and international presence under the brand name KCMC and becoming the largest resins supplier in Kuwait. UOP is certified to ISO 9001:2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System) Standards.

Company's Mission

United Oil Projects Company three fold missions represent our long term business objectives, which are:

- Progressively enhance the value of shareholders' returns through dynamic and strategic investment in the energy sector.
- Develop a regional network of deal sources; as well as identify and secure lucrative investment opportunities with industry leaders.
- Consistently uphold our social responsibilities towards our environment and our employees by adopting high quality industry standards and best practices.

Guided by our corporate values of sustainability, excellence, commitment and responsibility:

- We maintain sustainability in our business strategy, investment plans, financial growth and environmental considerations to ensure mutual growth for our investors, employees, the market we operate in and the wider community.
- We are committed to transparency and strong corporate governance and sound business practices.
- We are responsible to conduct every phase of our investment strategies with thoroughness, cost-efficiency and prudent analysis to secure long-term value for our shareholders.

Mr. Sadoun Abdullah Ali
Chairman

Mr. Muhaiman Ali Behbehani
Vice Chairman and CEO

Mr. Mohammad Bader Al-Sayer
Board Member

Mr. Fuad Abdul-Raheem Akbar
Board Member

Mr. Fawaz Bader Al-Othman
Board Member

Chairman's Message

Vice-Chairman & CEO Statement

Dear shareholders,

On behalf of the Board of Directors, I am delighted to present to you the annual report of United Oil Projects Co. (UOP) and congratulate you on the outstanding levels of performance we were able to achieve over the year across UOP's investments and operations.

UOP has successfully managed throughout the year to continue delivering its commitment and serve its shareholders' interest, inline with the company's long term strategy laid out since its inception. This year, the company achieved record performance results in various operational and investment areas through optimum investment of manpower, improving the efficiency of its operations, increasing the range of products and by capturing viable market opportunities.

Business Highlights of the year

Favourable growth was achieved in the existing investment activities of the company especially the subsidiaries and the associates. In particular, Al-Khorayef United Holding Company achieved outstanding growth throughout the year in the operating profit, despite surmounting challenges faced by the oil sector since the beginning of the year.

Further, the projects division has successfully managed to expand its offerings to Kuwait Oil Company (KOC) by supplying various products and services for the "Concentrated Solar Power (CSP) Project" and the "Gyroscopic & Magnetic survey services", through its partners.

As for the Chemical Division, the company has managed to maintain steady growth despite facing challenging business environment in parallel with the increase of the raw material prices. Capitalizing on the capability of the Research and Development (R & D), UOP has successfully developed and sold new products that have competitive price and excellent quality, which has strengthened our presence in the Middle East and South Asian markets. This will increase our prospects for more positive results in the years ahead.

Financial Outcome

The net profit for the year has increased by 54%, recording a profit of KD 1.77 Million compared to KD 1.15 Million last year. Total assets witnessed a 13% growth since last year while the net shareholders' equity improved by 12% - representing constant growth since 2009.

In view of the above, I am pleased to announce to you the recommendation of the board to distribute cash dividends of 6 per cent of the company's paid-up capital, equivalent to 6 fils per share subject to the approval of the assembly and the related authorities.

Finally, I would like to take this opportunity to thank our shareholders, clients, and partners for their continued and unrelenting support and to our management and staff for their dedication and persistent efforts to enable us to reach our annual goals and targets. I would also like to take this opportunity to thank the government of Kuwait and its concerned parties for their continuous support to the industrial sector, with the aim of shaping a better future for Kuwait.

Sincerely
Sadoun A. Ali
Chairman

Driving value since 2009

The net shareholders' equity has been continuously growing from 2009 onwards. In 2015, the total assets grew by 12.9% and the equity by 11.8%.

Vice-Chairman and CEO Statement

Dear shareholders,

UOP recognizes that the industry needs innovative affordable products of premium value, world-class service and a commitment to deliver. We are committed to meet that demand while delivering sustained value to our shareholders, customers, business partners, our employees and to the communities where we operate.

The year 2015 brought many new challenges both internationally and locally. In response to volatile markets and the ongoing economic slowdown that the industry faces; UOP management remains guided by its strategic plan, discipline and focus; to function effectively and remain a responsive player in an increasingly competitive industry by pursuing strategies that involve greater differentiation to create sustainable value for its business units.

During the year we advanced our projects and our key investments to remain on track to strengthen our position in the markets we operate in and to deliver strong growth and strong returns to our stake holders.

Macro-Economic Challenges

- Drop in oil prices continued to affect most economies around the world and has become a source of concern in developed and developing economies with low oil prices hit historic lows over the past year.
- In the GCC, poles of the oil and gas industry were keen to absorb the impact of lower oil prices, capital investments would be selective; only in strategic projects, and some of the non-essential planned investments are expected to be either delayed or completely shelved off. As a result of this; companies sought to reduce their costs as well as the organizational structures to fit the new environment.
- In Kuwait, and as a result of changing market conditions, local and international companies operating in Kuwait implemented strategies to reduce costs and restructure operations to absorb the negative impact of the current situation which not only affected oil and gas industry , but most of the businesses and industrial sectors in Kuwait. On the other hand, and despite the fall in oil prices allocated capital investment programs continued to be implemented, giving the highest focus to strategic oil projects.

Macro Opportunities

- KOC have signed major contracts and projects with local, Gulf and international companies in the fields of drilling, exploration and production of oil and gas which will be implemented over the next year, as for other projects implementation will continue in the coming years.
- The expansion of capital investment programs for the company is part of KOC 2020 strategy to execute and operate more than 500 capital project; current and future, building production capacity to new heights. The company is planning to drill the equivalent of 200-250 wells per year including; exploratory, development, deep and injection wells, over the next five years. This ambitious program aims to utilize the latest drilling technologies and applications to increase production capacity.

Significant Highlights of the year

- In 2015, there was a substantial increase in Drilling activities at Kuwait Oil Company. During the same time, Weatherford has restructured its Drilling division into an independent division, to have better focus in the Drilling Sector. In the long term, this initiative would give a better focus to Drilling operations of UPDC.
- Al Khorayef has showcased outstanding performance in all its running projects with Kuwait Oil Company and Joint Operations. GC-18 project (earlier known as GC16), in west Kuwait with KOC, has been one of the flagship achievements, in terms of meeting Performance standards as required by KOC, timely completion and Operational efficiency.
- Al Khorayef has successfully commissioned Large Scale Thermal Pilot Project for North Ratqa fields. Currently, LSTP – South is under construction phase and shall be completed by mid of coming year.
- Al Khorayef is also currently running their ESP Project with Kuwait Oil Company, very successfully

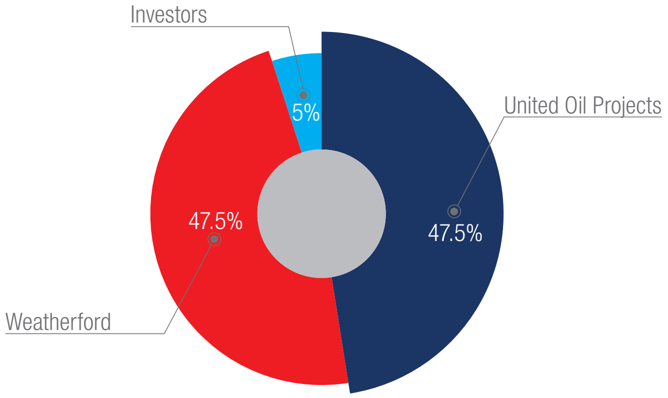
- Projects division also made progress through representing portfolio of companies in the Energy Sector. The active participation of the Principal along with a strong supporting hand from United Oil Projects has helped the partners to successfully implement their contracts. Currently, UOP has two running contracts with Kuwait Oil Company, namely Gyroscopic Survey & Enhanced Oil Recovery. UOP made inroads through the trading portfolio for supply of various products including Turbine Filters, Water treatment Chemicals and Manpower supply.
- The Chemical Division business made sustainable progress with steady revenues. Acquiring new market share in the Middle East region paved the way to expanding into new markets across South Asia. This achievement is attributed to UOP ongoing research and development, which have achieved various successes by developing and selling new niche specialty products in these regions.
- The Company's Integrated Management System on Quality and Environment was awarded recertification, complying with relevant requirements of the International Standards: ISO 9001:2008 and ISO 14001:2004.
- The Company embarked on sustainability initiatives as a major approach to address our social commitments and the regulatory obligations.

UOP Operating Investments

الشركة المتحدة بريسيشن للحفريات
United Precision Drilling Co.

United Precision Drilling Co. (UPDC)

47.5% owned by UOP



During the current year, Weatherford International moved forward with its restructuring plans to spin off its Drilling division as Weatherford Drilling International; an independent unit. This would give better focus for the Drilling sector in the Region, and thereby the Joint Venture would be able to increase its participation with Kuwait Oil Company on a medium and long term basis.

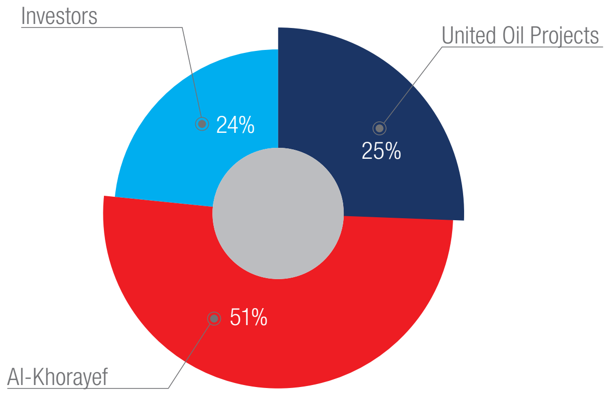
Meanwhile, Wafra Joint Operations has shut down its operations, wherein UPDC had 4 rigs under operation. UPDC is waiting the re-opening of Joint Operations to participate.

Nevertheless, United Precision Drilling Company, continues to remain one of the key investments of United Oil Project. UPDC enjoys unmatched recognition from K-Companies in relation to other competitors in the market. This marked performance has been achieved through the Professional expertise and experience brought in by Weatherford, and significant value addition brought in by United Oil Projects.

الخريّف
Alkhorayef

Al-Khorayef United Holding Co. (AKUH)

25% owned by UOP



- Since 1995, Al-Khorayef Company for sale maintenance & repair of oil production equipment (AKC) has been providing services to the oil, electricity and water sectors in the State of Kuwait, including the supply of electrical submersible pumps (ESP) for both oil and water applications.
- Over the years, Al Khorayef has established itself as a prominent player in providing Artificial Lift Services to Kuwait Oil Company. While ESP continue to remain as its strong foothold, AKC's capability expansion into Progressive Cavity Pumps & Sucker Rod Pumps has broadened its scope of services in Kuwait market, especially with Kuwait Oil Company & Joint Operations.
- During the current year, Al Khorayef has added couple of projects to its success story. In the first half, Al Khorayef successfully completed the Large Scale Thermal Pilot (LSTP)-North Project within the scheduled time. In recognition of this timely effort, Al Khorayef is currently executing the LSTP-South Project too.
- GC-18 project (earlier known as GC16), in west Kuwait with KOC, has been one of the flagship achievements, in terms of meeting Performance standards as required by KOC, timely completion and Operational efficiency.
- Overall, Al-Khorayef future outlook continue to be promising, as is expected to play an increasingly major role in providing additional world class services and expertise to Kuwait Oil Company, KGOC and Joint Operations.

The Chemical Division

The Chemical Division business made sustainable progress with steady revenues. Acquiring new market share in the Middle East region paved the way to expanding into new markets across South Asia. This achievement is attributed to UOP's ongoing research and development, which has achieved various successes by developing and selling new niche specialty products in these regions.

The year 2015 presented the division with challenging obstacles, which have adversely and significantly affected the sales performance of the company due to many factors:

- Economic slowdown amidst continuing oil prices slump.
- High and volatile raw material prices continue to be an ongoing problem.
- The ban on export was decreed for the first time in Kuwait, resulting in sharp decline in our export revenues.
- The saturated resin market with new suppliers competing in the market versus subsequent drop in demand.

However, despite these surmounting challenges and obstacles due to changing business environment, the company responded with renewed vigor and a reformed strategy to meet these challenges head on through the following strategies:

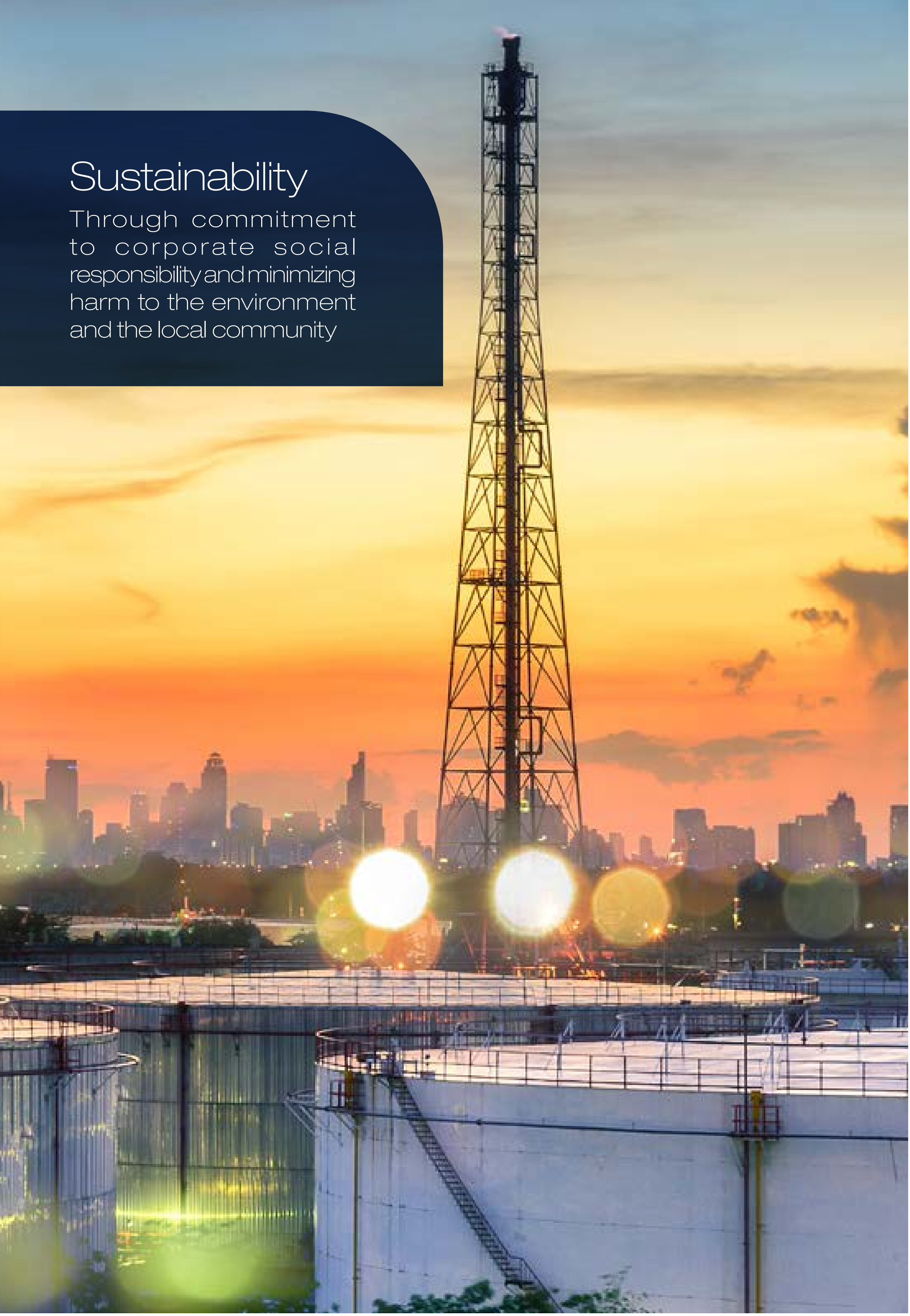
- Optimizing existing grades to develop new and innovative grades to tap emerging opportunities in new and unexplored markets.
- Capitalize on the strengths of our cutting edge Research and Development team, who have successfully developed new low cost products for South Asian markets to suit the price sensitive environment, which has provided the company with a strong edge over our competitors.

As a result, the company now maintains a significantly positive outlook for the future as the Company's unflinching commitment and unrelenting focus on quality and customer service continues to be a major mechanism used for penetrating new markets. A befitting credit on this being UOP awarded with "Silver Star Rating" by Ecovadis, a leading European multi-national accreditation company. The outcome of this rigorous CSR assessment methodology places the company in the select list of top performers in the whole of Middle East region in our segment.

Agency Portfolio

Over the years, UOP has developed a competent portfolio of companies under Products & Services Category. Some of the promising opportunities wherein UOP has developed its partnership, include Drilling Fluids, Directional Drilling, Mud Logging, Tubular Inspection services, Coring, Steam Monitoring and Concentrated Solar Power for EOR applications. On the Product applications, UOP has developed its partnership on Filter applications for Turbines.

UOP & their partners shall develop their relationship to succeed through Joint Ventures, according to the market requirement and at the appropriate time.



Sustainability

Through commitment to corporate social responsibility and minimizing harm to the environment and the local community

Sustainability initiatives and corporate social responsibility

UOP continued its efforts in maintaining its Corporate Social Responsibility [CSR] values.

In view of the company's commitment to social responsibility for future generations, UOP has embarked on a new initiative of integrating its CSR activities with Sustainability practices.

Sustainability practices through CSR involve conducting of business operations in a way that minimizes harm to the environment and the local community while benefitting consumers and employees, thereby contributing to social development.

CSR activities at UOP are highly focused on sustainable development such that it is often undistinguishable from the sustainability policies.

Thus, Sustainability and CSR are the Company's commitment to its stakeholders to conduct business in an economically, social and environmentally sustainable manner that is transparent and ethical.

Sustainability is not an easy value to uphold. The major difficulty being the compulsion to compromise on the core values during difficult performance years.

Strength of the established processes and the Management's commitment has helped to ensure that the Company's actions are consistent with the principles of sustainability.

Sustainability governance process

In-order to govern sustainability across the processes and operations of the Company, the respective department heads were assigned ownership to the sustainability initiatives. Thus departments could interact and manage the daily interactions on the subject through the Health, Safety and Environmental aspects.

Base principles of sustainability approach

Our approaches to sustainability are based on five basic principles:

- Listening to and engaging with our stakeholders.
- Embedding sustainability aspects into our core decision making process.
- Periodic review of processes to address key environmental and social concerns.
- Ensure that UOP maintain the role of a responsible corporate citizen.
- Running our operations in safe manner-both for our workforce and for the communities surrounding us.

Integrated management system and standard procedures

The Integrated Management System [IMS] and Standard procedures have been the backbone of sustainability initiatives at UOP.

During 2015, the IMS of UOP was awarded recertification for meeting relevant requirements of the International Standards: ISO 9001:2008 and ISO 14001:2004.

Minimising our environmental impact

The Company overcame major hurdles in minimizing and managing the impacts of its operations through environmental aspect and impact assessment system. Factors contributing to different Environmental impacts were identified through discussion with different process owners and their effects were minimized through standard management system such as:

- VOC emission management
- Water conservation and management
- Waste management

Through the above systems, the Company could achieve compliance with applicable regulatory authority [K-EPA] requirements, reduction in production cost and above all, achievement of sustainability initiative goals.

Meeting our social commitments to our employees

Commitment to our employees

Safety and occupational health

- UOP aspires for a zero-harm environment for its employees:

The success of safety program at UOP has been the multi-fold approach to safety:

- Standard systems and procedures to manage the safety of our employees and assets
- Timely training on Safe work practices
- Provision of right equipment for the job and personal protective equipment [PPE]
- Monitoring mechanism that consistently investigates and improves on the findings of safety incidents.

Caring for employee well-being extends beyond ensuring their safety:

In-order to ensure that our employees are not exposed to occupational health hazards, periodic monitoring of health factors determined by the regulatory authorities was conducted.

Training and development

- Enhancing employee capability through a structured approach:

We believe that learning not only adds to quality but also helps in achieving organizational goals.

Learning is imparted by exposing employees to training programs and seminars on work procedures and government administrative rules and regulations.

To mention a few:

- Seminar on K-EPA Environmental Protection Law
- Training on Kuwait Labour laws
- Training on Legality of contracts
- Orientation on HSE rules and Personal Protective Equipment
- Forklift operation & Safety

Commitment to the community

Being fair and transparent

- The Company has established a set of guidelines and principles for business conduct to ensure ethical and responsible behaviour of all our Employees and Managers.
- All our operations are performed through Standard systems.
- Proper documentation on all our transactions is a major strength in ensuring transparency in our operations.
- All the incoming and outgoing goods are accompanied with a Material Safety Data Sheet mentioning their properties and the precautions to be taken while handling them.
- Through our standard waste management system we ensure that there are no waste discharges to the surrounding environment. Supporting activities on this being regular monitoring of stack emission, waste disposals through Government approved agencies and a policy on nil waste water discharge to the local stream.

Engaging local vendors

- For the mutual benefit of our Company and the local industry, sincere efforts are put forth in identifying local vendors and suppliers. Our requirements on product packaging materials are to a large extent, being met through the local vendors. Raw materials that can be procured locally are given preference to imported materials. The local traders also contribute in supplying our low volume raw materials which otherwise are imported.

Vice-Chairman and CEO Statement

2015 Financial Results:

Income Statement:

- The Net profit for the year ending December 2015 is KD 1.77 million versus KD 1.15 million of last year same period which represent an increase of 54%. The growing profitability of the company's investments in associates is indicative of its financial acumen, strong investment strategy and the superior financial synergies provided to its associates.
- The earning per share for the period stood at 17.70 fils compared to 11.52 fils of the last year indicating a higher profitability to equity shareholders.
- The revenue from sales is KD 2.63 million compared to 3.18 million last year, a decrease of 17% as a result of lower exports.
- The income from associates is KD 2.02 million representing an increase of 56% compared to last year and the income from other sources increased by 242% compared to last year. The general and administration expenses increased by 58% due to new projects.

The Balance sheet:

- Given the increased operational efficiency and sterling performance, the total asset of the company has increased by 12.9% compared to last year and the net equity increased by 11.8% even after paying 5% cash dividends.
- As a mark of increased liquidity, at the end of 2015, the total cash balance of UOP has increased by 16%. Also, the value of Portfolio investments held by UOP has gone up by 10% indicating favourable trend and outlook on company's investments by the markets and increased valuation by investors and public at large
- Given the above positive results, UOP has declared a dividend of 5% for the year 2014 and distributed the same during the year 2015 as mark of its overall positive outlook and improved performance the company have proposed a cash dividend of 6% for the current year.
- The current assets increased by 5.7% compared to last year and it represents 18.4% of total assets. The non-current assets increased by 14.7% compared to last year and it represents 81.6% of total assets. The liabilities increased by 40% compared to last year and it represents 4.8% of total assets.
- The Shareholder's equity is KD 17.95 million (179.52 fils per share) compared to KD 16.06 million (160.6fils per share).

Profitability

Through increased operational efficiency and superior financial synergy to operating investments

2016 Future Outlook

Driven by a healthy balance sheet and operational performance, and in spite of volatility in the oil, and petrochemicals sectors, UOP will continue to focus on:

- Positioning UOP in the oil, gas, petrochemical and renewable energy market segments where the demand for services and products is expected to recover rapidly in the short term and will continue to grow in the medium term.
- Enhancing the company's investments and services in the promising oil, gas projects through forging new partnerships with leading international establishments in the industry.
- Capturing exceptionally profitable investment opportunities which are strategically aligned with our long term business objectives and core competencies.
- Accelerating the move to higher margin specialty products within the chemicals' division, through establishing partnerships with global manufacturers, while maintaining the existing commodity product base to maximize production capacity utilization during the transition period.
- Pursuing local and international strategic and synergist partnerships, to increase the chemicals' division revenue streams.

Growth & Maximizing Returns

Through balanced investment strategy, focus on core competitive competencies and innovation in products and services

Executive Management

Muhaiman Ali Behbehani
Vice Chairman and CEO

Mr. Muhaiman Ali Behbehani joined United Oil Projects Company in 2006 and he was promoted to Vice Chairman/Acting General Manager in 2010, at present he is the Vice Chairman and CEO.

Prior to joining UOP, Mr. Behbehani held several posts in Kuwait National Petroleum Company. Mr. Behbehani has a diversified experience portfolio in oil industries supported by several certificates and specialized courses in business, oil projects and planning.

Mr. Behbehani holds a Bachelor's Degree in Mechanical Engineering from University of Toledo -OHIO – USA

G. Noor Basha
Accounts Manager

Mr. Basha joined United Oil Projects Company (UOP), in 2002. He manages the Accounts Department and has 30 years of working experience as a Chief Accountant in various Industry/Companies. His versatility is into Business Management, Finance, Accounting, Economics, International Trade, Company and Industrial Law, Business Environment and Govt. Policy. Prior to joining UOP Mr. Basha has worked with reputed companies in Kuwait.

Mr. Basha holds Master degree of Commerce, from Madras University, India.

Jacob George Paret
Business Development Manager

Mr. Paret joined United Oil Projects Company as Business Development Manager in 2011 and manages the Agency Portfolio of the company along with assisting the management in the Projects Division activities.

Mr. Paret has a wide experience working in Kuwait and India, both in Management Positions and Engineering Positions. Along his career, he has worked with M/s Petrofac International Limited and M/s Hindustan Petroleum Corporation Ltd (Fortune 500 Integrated Oil Company) in India and also worked with reputed companies in Kuwait in the Oil and Gas sector. He has also completed Management Development Program on 'Fuel Retailing' at Indian Institute of Management, Ahmadabad.

Mr. Paret holds a Master's Degree in Business Administration and Bachelor's Degree in Mechanical Engineering from University of Calicut, India

Joji John
Projects Development Manager

Mr. John joined United Oil Projects Company as Projects Development Manager in 2014 and involved in the process of identifying new investment opportunities along with assisting the management in the Projects Division activities.

He has 23 years working experience in Kuwait & India with reputed companies across a broad spectrum of industries.

Mr. John holds a Master's Degree in Business Administration from Nagpur University & a Bachelor's Degree in Commerce, from University of Kerala, India.

FINANCIAL STATEMENTS

31 DECEMBER 2015

Contents

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED OIL PROJECTS COMPANY K.S.C. (CLOSED)

Report on the financial statements

We have audited the accompanying financial statements of United Oil Projects Company K.S.C. (Closed) (the "Company"), which comprise the statement of financial position as at 31 December 2015, and the statements of income, comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity's management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF UNITED OIL PROJECTS COMPANY K.S.C. (CLOSED) (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company together with the contents of the report of the Company's board of directors relating to these financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, the executive regulation of Law No. 25 of 2012, and by the Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and the executive regulation of Law No. 25 of 2012 or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2015 that might have had a material effect on the business of the Company or on its financial position.

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

11 February 2016
Kuwait

STATEMENT OF INCOME

For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Sales		**2,633,262**	3,186,475
Cost of sales		**(2,362,042)**	(2,861,733)
GROSS PROFIT		**271,220**	324,742
Share of results from associates	5	**1,606,998**	1,296,479
Share of result from joint venture	6	**415,608**	-
Dividend income		**191,656**	135,111
Interest income		**90,023**	86,183
Other income		**53,456**	35,367
General and administrative expenses		**(730,024)**	(461,353)
Selling and distribution expenses		**(68,176)**	(69,940)
Impairment loss on financial assets available for sale	7	**(43,627)**	(179,191)
Foreign exchange gain		**10,579**	12,979
Gain on sale of property plant and equipment		**12,361**	1,600
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR ADVANCEMENT OF SCIENCE ("KFAS"), ZAKAT AND DIRECTORS' REMUNERATION		**1,810,074**	1,181,977
Contribution to KFAS		**(7,483)**	(4,690)
Zakat		**(7,938)**	(5,185)
Directors' remuneration	12	**(25,000)**	(20,000)
PROFIT FOR THE YEAR	3	**1,769,653**	1,152,102

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

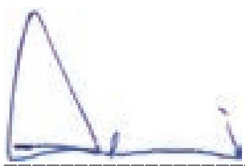
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
PROFIT FOR THE YEAR		**1,769,653**	1,152,102
OTHER COMPREHENSIVE INCOME (LOSS):			
Items that are or may be reclassified subsequently to the statement of income			
Net changes in financial assets available for sale		**261,993**	49,363
Share of other comprehensive loss of associates	5	**316,677**	(7,287)
Impairment loss transferred to statement of income		**43,627**	179,191
Net other comprehensive income that are or may be reclassified to statement of income in subsequent periods		**622,297**	221,267
Other comprehensive income not to be reclassified to statement of income in subsequent periods			
Revaluation of property, plant and equipment		**-**	125,264
Net other comprehensive income not to be reclassified to statement of income in subsequent periods		**-**	125,264
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**622,297**	346,531
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,391,950**	1,498,633

The attached notes 1 to 17 form part of these financial statements.

For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Property, plant and equipment	4	**895,131**	951,204
Investment in associates	5	**9,931,700**	8,586,151
Investment in a joint venture	6	**415,608**	-
Financial assets available for sale	7	**2,894,597**	2,632,604
Due from related parties	8	**1,250,000**	1,250,000
		15,387,036	13,419,959
Current assets			
Inventories	9	**555,507**	648,443
Trade and other receivables	10	**477,083**	565,374
Due from related parties	8	**300,832**	225,832
Cash and cash equivalents	11	**2,140,919**	1,848,401
		3,474,341	3,288,050
TOTAL ASSETS		**18,861,377**	16,708,009
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**10,000,000**	10,000,000
Share premium	12	**1,885,000**	1,885,000
Statutory reserve	12	**767,265**	586,258
Voluntary reserve	12	**767,265**	586,258
Asset revaluation reserve		**125,264**	125,264
Cumulative change in fair values		**1,141,300**	835,680
Foreign currency translation reserve		**319,027**	2,350
Retained earnings		**2,946,988**	2,039,349
		17,952,109	16,060,159
LIABILITIES			
Non-current liability			
Employees' end of service benefits	13	**236,841**	235,696
Current liability			
Trade and other payables	14	**431,904**	412,154
Due to related parties	8	**240,523**	-
		672,427	412,154
Total liabilities		**909,268**	647,850
TOTAL EQUITY AND LIABILITIES		**18,861,377**	16,708,009



Sadoun A. Ali
Chairman

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, Zakat and Director's remuneration		**1,810,074**	1,181,977
Adjustments to reconcile profit to net cash flows:			
Dividend income		**(191,656)**	(135,111)
Interest income		**(90,023)**	(86,183)
Gain from sale of property, plant and equipment		**(12,361)**	(1,600)
Depreciation	4	**72,922**	65,775
Share of results from associates	5	**(1,606,998)**	(1,296,479)
Share of result from a joint venture	6	**(415,608)**	-
Impairment of financial assets available for sale	7	**43,627**	179,191
Provision for employees' end of service benefits	13	**44,942**	55,264
		(345,081)	(37,166)
Working capital adjustments:			
Inventories		**92,936**	(144,890)
Due to related parties		**240,523**	-
Trade and other receivables		**47,870**	26,062
Trade and other payables		**19,750**	(217,721)
Cash from (used in) operating activities		**55,998**	(373,715)
Employees' end of service benefits paid	13	**(43,797)**	(7,594)
Dividends received from an associate		**578,126**	498,974
Net cash flows from operating activities		**590,327**	117,665
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(16,880)**	(61,233)
Proceeds from sale of property, plant and equipment		**12,392**	1,638
Proceeds from sale of financial assets available for sale		**-**	53,193
Dividends received from others		**191,656**	135,111
Interest received		**15,023**	11,183
Net cash flows from investing activities		**202,191**	139,892
FINANCING ACTIVITY			
Dividends paid	12	**(500,000)**	-
Net cash outflows from financing activity		**(500,000)**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**292,518**	257,557
Cash and cash equivalents at 1 January		**1,848,401**	1,590,844
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	**2,140,919**	1,848,401

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Asset re-valuation reserve	Cumulative changes in fair values	Foreign currency translation reserve	Retained earning	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 1 January 2015	10,000,000	1,885,000	586,258	586,258	125,264	835,680	2,350	2,039,349	16,060,159
Profit for the year	-	-	-	-	-	-	-	1,769,653	1,769,653
Other comprehensive income	-	-	-	-	-	305,620	316,677	-	622,297
Total comprehensive income for the year	-	-	-	-	-	305,620	316,677	1,769,653	2,391,950
Transfer to reserves	-	-	181,007	181,007	-	-	-	(362,014)	-
Dividends	-	-	-	-	-	-	-	(500,000)	(500,000)
As at 31 December 2015	**10,000,000**	**1,885,000**	**767,265**	**767,265**	**125,264**	**1,141,300**	**319,027**	**2,946,988**	**17,952,109**
As at 1 January 2014	10,000,000	1,885,000	468,060	468,060	-	607,126	9,637	1,123,643	14,561,526
Profit for the year	-	-	-	-	-	-	-	1,152,102	1,152,102
Other comprehensive income					125,264	228,554	(7,287)		346,531
Total comprehensive income for the year	-	-	-	-	125,264	228,554	(7,287)	1,152,102	1,498,633
Transfer to reserves	-	-	118,198	118,198	-	-	-	(236,396)	
As at 31 December 2014	10,000,000	1,885,000	586,258	586,258	125,264	835,680	2,350	2,039,349	16,060,159

The attached notes 1 to 17 form part of these financial statements.

1 CORPORATE INFORMATION

The financial statements of United Oil Projects Company K.S.C. (Closed) for the year ended 31 December 2015 (the "Company") were authorised for issue by the Board of Directors on 11 February 2016. The Shareholders' General Assembly has the power to amend these financial statements after issuance.

The Company's registered address is P.O. Box 26011 Safat 13121 - State of Kuwait.

The Company is a subsidiary of Qurain Petrochemical Industries Company K.S.C.P. ("Parent Company"), which is listed on the Kuwait Stock Exchange.

The Company was established as a Kuwaiti closed shareholding company in August 1979. The main objectives of the Company were to:

- Setting up petrochemical industry projects relying on locally or regionally available produced materials and manufacture and supply chemicals for the fiberglass, paint and petrochemical industries and for general use.
- Setting up of paint and fiberglass manufacturing projects (provided that the approval of the Public Authority for Industry is secured).
- Import and export of the raw materials required for such projects, in addition to materials complementary to the manufacturing of paints and fiberglass (provided that the approval of the Public Authority for Industry is secured).
- Production of Polyvinyl Acetate Vinyl, Polyvinyl Aster Resin and Polyurethane resin (of all kinds) Acrylic and epoxy resin, in addition to emulsion resin all kind (subject to the Public Authority for Industry approval).
- The Company may set up industrial projects in the field of petrochemicals and natural gas, singly or with the participation of parties and entities that carry on similar business (subject to the Public Authority for Industry approval).
- Invest surplus funds in financial and real estate portfolios locally or abroad managed by specialised firms.
- The Company may have an interest in or participate in any manner in entities that carry on business activities similar to its own or which may assist it in realizing its objects in Kuwait or abroad and it may buy or otherwise acquire such companies and entities. The Company may carry on the aforesaid business in the State of Kuwait and abroad acting as principal or by proxy.
- The Company may participate in industrial projects in the field of petrochemicals, oil and natural gas (subject to the Ministry of Oil approval), singly or with the participation of parties and entities that carry on similar business. The Company may also manufacture all kinds of chemical and petrochemical substances branching off thereof and used in the gas sector and the oil sector (subject to the Public Authority for Industry approval)
- To carry on the business of auxiliary services for the operations of drilling of oil wells and the exploration and repair of wells and preparation thereof for production an all subsequent business relating to the maintenance of oil wells and the representation of the competent foreign companies (subject to the Ministry of Oil approval).
- To carry on maintenance work and different general services for oil sector (subject to the Ministry of Oil approval).
- To sell, purchase, supply, distribute, export and store chemical and petrochemical material or any other substitute material used in the Gas and Oil sector and participate in all related activities, also include establish and lease required services (subject to the Ministry of interior approval).
- To participate in industrial companies, as well as finance, manage and trade in their shares.
- To provide technical and economic consultancy services relating to industrial investments.

According to an approval from the Public Authority for Industry, the Company is exempt from customs duty on raw materials for the period from October 2001 to March, 2015.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

2.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets available for sale and building. The financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentational currency of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies used in the preparation of these financial statements are consistent with those used in previous year, except for the adoption of the following amended IASB Standard relevant to the Company:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment has no impact on the Company, since the Company does not have defined benefit plans with contributions from employees or third parties.

Annual Improvements

Annual improvements for 2010-2012 and 2011-2013 cycle which are effective from July 2014 are not expected to have any material impact on the Company.

2.3 STANDARDS ISSUED BUT NOT EFFICTIVE

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

IFRS 9 Financial Instruments

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

IFRS 14 Regulatory Deferral Accounts

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

IFRS 15: Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 Construction contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Company is in the process of evaluating the effect of IFRS 15 on the Company's financial statements and does not expect any significant impact on adoption of this standard.

2.3 STANDARDS ISSUED BUT NOT EFFICTIVE (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current 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 the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is . All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company

2.3 STANDARDS ISSUED BUT NOT EFFICTIVE (continued)

The Company intends to adopt these standards, if applicable, when they become effective. Additional disclosures will be made when the abovementioned standards when become effective and are adopted by the Company.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Sale of goods

Revenue is recognised to the extent that future economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable taking into account contractual defined terms of payment and excluding discounts and rebates. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Interest income

Interest income is recognised as interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Taxation

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

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

Zakat

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

Property, plant and equipment

Property, plant and equipment except building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress will be transferred into appropriate asset categories upon completion of the projects and depreciation will be provided from that date.

The initial cost of property, plant and equipment except building comprises their purchase price and any directly attributable costs of bringing an item of property, plant and equipment to its working condition and location. Expenditure incurred after the property, plant and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period 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 expenditure is capitalised as an additional cost of property, plant and equipment.

Building is measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount (usually five years). Any revaluation surplus is recognised in other comprehensive income and is credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit / loss for the period, in which case the increase is recognised as part of profit / loss for the period. A revaluation deficit is recognised in profit / loss for the period, except to the extent that it offsets an existing surplus on the same asset recognised as other comprehensive income or in the revaluation reserve.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation on property, plant and equipment other than building, is calculated on a straight line basis over the estimated useful lives of assets as follows:

Building	30 years
Plant, machinery and equipment's	5 to 25 years
Furniture, office equipment's and fixtures	5 years
Motor vehicles	5 years

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

When an asset is revalued, any increase in the carrying value arising on revaluation is included in other comprehensive income and credited to equity interest, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of income, in which case the increase is recognised in the statement of income. A decrease resulting from a revaluation is initially charged directly against any related revaluation surplus held in respect of that same asset, the remaining portion being charged as an expense. On disposal, the related revaluation surplus is credited directly to retained earnings.

An item of property, plant and equipment's is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Investments in associates and joint venture

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

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

The Company's investments in its associate and joint venture are accounted for using the equity method.

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

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

The aggregate of the Company's share of profit or loss of an associate or joint venture is shown on the face of the statement of income and is disclosed under 'Share of results of associates' and 'Share of results of joint venture'

The financial statements of the associates and joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint venture (continued)

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

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

Financial assets and liabilities

The Company classifies its financial assets with the following categories as "financial assets available for sale", "due from related parties", "accounts receivable" and "cash and cash equivalents" whereas the Company's financial liabilities include "accounts payable and accruals" and "due to related parties".

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

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets available for sale

Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through statement of income, financial assets held to maturity or loans and receivables.

After initial measurement, financial assets available for sale are measured at fair value with unrealised gains or losses recognised as other comprehensive income in the cumulative changes in fair values reserve until the investment is disposed of, at which time the cumulative gain or loss is recognised in the statement of income.

Trade receivables and due from related parties

Accounts receivable and due from related parties are stated at original invoice amount less a provision for any uncollectible amounts and are carried at amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Doubtful debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, cash in portfolios with financial institutions and short-term deposits with an original maturity of three months or less.

Trade and other payables and due to related parties

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Fair value

The Company measures financial instruments, such as, financial assets available for sale, at fair value at each balance sheet date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant›s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company 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.

De recognition of financial assets and liabilities

Financial assets

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

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

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

De recognition of financial assets and liabilities (continued)

Financial liabilities

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

Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Impairment and uncollectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income - is removed from other comprehensive income and recognised in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in their fair value after impairment are recognised in other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on weighted average basis.
Finished goods	-	costs of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Employees end of service benefits

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

Impairment of non-financial assets

An asset is impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less cost to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An assessment is made at each reporting date to determine whether there is objective evidence that an asset may be impaired. If such evidence exists, an impairment loss is recognised in the statement of income. Reversal of impairment losses is recognised in the statement of income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The financial statements are presented in Kuwaiti dinars, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. All differences are taken to statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company has used judgement and estimates principally in, but not limited to, the classification of financial assets, the determination of impairment provisions and valuation of inventories.

Judgments

Classification of financial assets

Classification of investments is based on management's intention at acquisition and requires considerable judgment.

Impairment of investment in associates

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

Impairment of financial assets

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

Estimates

Impairment of accounts receivable

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

Valuation of inventories

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

Useful lives of property, plant and equipment

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Estimates (continued)

Impairment of property, plant and equipment

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

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

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

3 PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2015	2014
	KD	KD
Staff costs	**567,614**	520,226
Inventories recognised as expenses upon sale of goods	**2,049,906**	2,584,200

4 PROPERTY, PLANT AND EQUIPMENT

	Building	Plant, machinery and equipment	Furniture, office equipment and fixtures	Motor vehicles	Capital-work-in-progress	Total
	KD	KD	KD	KD	KD	KD
Cost:						
As at 1 January 2015	1,728,905	1,403,128	126,221	127,467	11,620	3,397,341
Additions	-	7,334	6,536	-	3,010	16,880
Transfers	-	11,620	-	-	(11,620)	-
Disposals	-	(4,700)	(7,436)	(28,340)	-	(40,476)
As at 31 December 2015	1,728,905	1,417,382	125,321	99,127	3,010	3,373,745
Depreciation:						
As at 1 January 2015	1,454,907	796,191	116,525	78,514	-	2,446,137
Charge for the year	-	55,695	3,875	13,352	-	72,922
Disposals	-	(4,686)	(7,424)	(28,335)	-	(40,445)
As at 31 December 2015	1,454,907	847,200	112,976	63,531	-	2,478,614
Net book value:						
As at 31 December 2015	**273,998**	**570,182**	**12,345**	**35,596**	**3,010**	**895,131**

Building is constructed on a land leased from the Government of Kuwait for a period of one year and this is renewable on the expiry of the lease. Notwithstanding the contractual term of the lease, management considers that, based on market experience, the lease is renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease and, consequently, as is common practice in the State of Kuwait, these leases have been accounted for as freehold land.

The depreciation charge has been allocated in the statement of income as follows:

	2015	2014
	KD	KD
Cost of sales	**45,944**	45,944
General and administrative expenses	**26,978**	19,831
	72,922	65,775

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Building	Plant, machinery and equipment	Furniture, office equipment and fixtures	Motor vehicles	Capital-work-in-progress	Total
	KD	KD	KD	KD	KD	KD
Cost:						
As at 1 January 2014	1,603,641	1,380,102	128,387	96,644	18,610	3,227,384
Additions	-	5,294	6,829	37,490	11,620	61,233
Transfers	-	18,610	-	-	(18,610)	-
Disposals	-	(878)	(8,995)	(6,667)	-	(16,540)
Changes in fair value	125,264	-	-	-	-	125,264
As at 31 December 2014	1,728,905	1,403,128	126,221	127,467	11,620	3,397,341
Depreciation:						
As at 1 January 2014	1,454,907	742,858	123,064	76,035	-	2,396,864
Charge for the year	-	54,210	2,420	9,145	-	65,775
Disposals	-	(877)	(8,959)	(6,666)	-	(16,502)
As at 31 December 2014	1,454,907	796,191	116,525	78,514	-	2,446,137
Net book value:						
As at 31 December 2014	273,998	606,937	9,696	48,953	11,620	951,204

5 INVESTMENT IN ASSOCIATES

Name	Country of incorporation	Legal interest %		Principal activities
		2015	2014	
United Precision Drilling Company W.L.L. ("UPDC")	Kuwait	**47.50%**	47.50%	Sale of oil equipment
Al-Khorayef United Holding Company K.S.C. (Closed) ("Al-Khorayef")	Kuwait	**25.00%**	25.00%	Investing in a Share holding Co., Industrial Co. & Real Estate Co.

The movement in the carrying amount of investment in associates during the year is as follows:

	2015	2014
	KD	KD
As at 1 January	**8,586,151**	7,795,933
Share of results	**1,606,998**	1,296,479
Share of other comprehensive income (loss)	**316,677**	(7,287)
Dividends	**(578,126)**	(498,974)
As at 31 December	**9,931,700**	8,586,151

In accordance with International Accounting Standard 36 "Impairment of assets", the management has performed a detailed exercise in respect of each of the associates to determine whether there is any objective evidence that its investment in associates is considered impaired. As a result of the exercise, no impairment is considered necessary as at 31 December 2015.

5 INVESTMENT IN ASSOCIATES (continued)

Summarised financial information of individual associates is as follows:

	UPDC		Al-Khorayef		Total	
	2015	2014	**2015**	2014	**2015**	2014
	KD	KD	**KD**	KD	**KD**	KD
Current assets	**28,458,454**	20,689,437	**34,460,655**	33,162,564	**62,919,109**	53,852,001
Non-current assets	**-**	-	**35,191,618**	18,583,220	**35,191,618**	18,583,220
Current liabilities	**(21,194,375)**	(13,759,070)	**(21,187,311)**	(6,933,552)	**(42,381,686)**	(20,692,622)
Non-current liabilities	**(1,953,258)**	(1,984,025)	**(26,479,946)**	(27,516,897)	**(28,433,204)**	(29,500,922)
Net assets	**5,310,821**	4,946,342	**21,985,016**	17,295,335	**27,295,837**	22,241,677
Company's shareholding	**47.50%**	47.50%	**25%**	25%		
Company's share in net assets	**2,522,640**	2,349,512	**5,496,254**	4,323,833	**8,018,894**	6,673,345
Goodwill	**308,840**	308,840	**1,603,966**	1,603,966	**1,912,806**	1,912,806
Carrying value as at 31 December	**2,831,480**	2,658,352	**7,100,220**	5,927,799	**9,931,700**	8,586,151
Commitments	**13,685,274**	13,904,900	**5,197,067**	3,918,136	**18,882,341**	17,823,036
Revenues	**36,166,683**	35,326,007	**20,367,592**	18,997,839	**56,534,275**	54,323,846
Profit for the year	**1,581,587**	1,515,105	**3,422,973**	2,307,216	**5,004,560**	3,822,321
Company's share in profit on the year	**751,254**	719,675	**855,744**	576,804	**1,606,998**	1,296,479
Companies share of OCI during the year	**-**	-	**316,667**	(7,287)	**316,667**	(7,287)
Dividend received during the year	**578,126**	498,974	**-**	-	**578,126**	498,974

6 INVESTMENT IN A JOINT VENTURE

	Country of Incorporation	Equity interest %		Principal activities
		2015	2014	
Project GC-16 Joint Venture	Kuwait	**25%**	25%	To build and operate a gathering center in west Kuwait.

During the year ended 31 December 2010, the Company entered into a joint venture agreement (unincorporated association) to build, operate and maintain an oil facility in Kuwait. The Company has a 25% interest in this unincorporated association. As at 31 December 2015 the joint venture has started its operations.

The Company and the Parent Company have given a guarantee (on a joint and several basis) to a local bank in connection with certain credit facilities availed by a related party in respect of the activities of the unincorporated association. The amount guaranteed under the agreement is KD 11,920,275 (2014: 11,920,275) (Note 15). The Company has not made any direct funding to the unincorporated association.

Joint venture's revenue and results:

	2015	2014
	KD	KD
Total income	**16,526,034**	-
Profit for the year	**1,662,433**	-
Company's share of profit for the year	**415,608**	-

7 FINANCIAL ASSETS AVAILABLE FOR SALE

	2015	2014
	KD	KD
Quoted equity securities	**2,894,597**	2,632,604

Management has performed a detailed review of its financial assets available for sale to assess whether impairment has occurred in the value of these investments. Based on specific information, management recorded an impairment loss of KD 43,627 (2014: KD 179,191) in the statement of income for the year ended 31 December 2015 due to a significant and prolonged decline in the fair value of the investment.

As at 31 December 2015, the fair values of financial assets available for sale amounting to KD 2,894,597 (2014: KD 2,632,604) are measured under Level 1 fair value hierarchy. No financial instruments are measured under Level 2 and Level 3 fair value hierarchy as at 31 December 2015 (2014: Nil).

There were no transfers between the hierarchies during the year.

8 RELATED PARTY TRANSACTIONS

Related parties represent Parent Company, associated companies, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Significant balances and transactions with related parties included in the financial statements are as follows:

	Parent Company	Associates	**Total 2015**	Total 2014
	KD	KD	**KD**	KD
Statement of income:				
Dividend income	825	-	**825**	825
Interest income	-	75,000	**75,000**	75,000
Other income	-	30,000	**30,000**	30,000
Statement of financial position:				
Financial assets available for sale	15,343	-	**15,343**	18,313
Due from related parties	-	1,550,832	**1,550,832**	1,475,832
Due to related parties	240,523	-	**240,523**	-

Due from related parties (classified under non-current assets) carries interest of 6% per annum. Due from related parties (classified under current assets) carries no interest and is repayable on demand.

Due to related parties carries no interest and is repayable on demand.

The Company and Parent Company have given guarantee (on a joint and several basis) to a local bank in connection with certain credit facilities availed by a related party (Note 6 and Note 15).

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015	2014
	KD	KD
Salaries and short-term benefits	**163,343**	165,099
Employees' end of service benefits	**12,303**	10,953
	175,646	176,052

9 INVENTORIES

	2015 KD	2014 KD
Raw materials	**388,212**	445,867
Finished goods	**259,820**	296,276
Packing materials and spare parts	**17,565**	16,390
	665,597	758,533
Provision for slow moving items	**(110,090)**	(110,090)
	555,507	648,443

10 TRADE AND OTHER RECEIVABLES

	2015 KD	2014 KD
Trade receivables	**426,376**	500,941
Other receivables	**50,707**	64,433
	477,083	565,374

Trade receivables are non-interest bearing and are generally settled within 30 to 90 days terms.

As at 31 December 2015, trade receivables amounting to KD 63,463 (2014: KD 63,463) were impaired and fully provided.

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

Movement in the provision for impairment of trade receivables was as follows:

	2015 KD	2014 KD
As at 1 January	**63,463**	64,214
Reversal of charge	**-**	(751)
As at 31 December	**63,463**	63,463

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

	Total KD	Neither past due nor impaired KD	Past due but not impaired (< 30 days) KD
2015	**426,376**	**419,953**	**6,423**
2014	500,941	497,350	3,591

As at 31 December 2015, trade receivables amounting to KD 184,738 (2014: KD 317,684) were denominated in US Dollars.

11 CASH AND CASH EQUIVALENTS

	2015 KD	2014 KD
Cash in hand	**1,747**	332
Cash at banks	**525,589**	508,318
Cash in portfolios with local financial institutions	**-**	51,583
Short term deposits with less than original maturity of three months	**1,613,583**	1,288,168
	2,140,919	1,848,401

Included in cash and cash equivalents are balances denominated in US Dollars amounting to KD 79,890 (2014: KD 97,543) and Euro amounting to KD 26,537 (2014: KD 8,230).

12 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

a) Share capital

The authorised, issued and paid-up capital consists of 100,000,000 shares of 100 fils per share (2014: 100,000,000 fils per share), which was fully paid up in cash.

The board of directors has recommended directors remuneration of KD 25,000 (2015: 20,000) and cash dividend of 6 fils per share (2015: 5 fils) for the financial year ended 31 December 2015 which is subject to approval of the Annual General Meeting of the shareholders. The cash dividend shall be payable to shareholders registered in the Company›s records as of the Annual General Meeting date.

On 22 April 2015, Annual General Meeting of the Company's shareholders was held and approved cash dividends of 5 fils per share amounting to KD 500,000, which was paid following the approval date.

b) Share premium

Share premium represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution.

c) Statutory reserve

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

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

d) Voluntary reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year before contribution to KFAS, Zakat and Board of Directors' remuneration, has been transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the Company's shareholders' general assembly upon a recommendation by the board of directors.

e) Directors' remuneration

The Director's remuneration of KD 25,000 (2014: KD 20,000) is subject to approval by the ordinary general assembly of the shareholders. Directors' remuneration of KD 20,000 for the year ended 31 December 2014 was approved by the Annual General Meeting of the shareholders on 22 April 2015.

13 EMPLOYEES' END OF SERVICE BENEFITS

	2015 KD	2014 KD
As at 1 January	**235,696**	188,026
Provided during the year	**44,942**	55,264
Paid during the year	**(43,797)**	(7,594)
As at 31 December	**236,841**	235,696

14 TRADE AND OTHER PAYABLES

	2015 KD	2014 KD
Trade payables	**177,639**	210,595
Accrued staff payable	**68,102**	58,645
Accrued expenses	**181,361**	139,362
Advance from customers	**4,802**	3,552
	431,904	412,154

15 COMMITMENTS

As at 31 December 2015, the Company had commitments against irrevocable letter of credits amounting to

KD19,561 (2014: KD 20,399).

The Company and Parent Company have given a guarantee (on a joint and several basis) to a local bank amounting to KD 11,920,275 (2014: KD 11,920,275) in connection with certain credit facilities availed by a related party (Note 6 and Note 8).

16 RISK MANAGEMENT

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company's principal financial liabilities comprise accounts payables and accruals and due to related parties. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade receivables, due from related parties and cash and cash equivalents that arrive directly from its operations. The Company also holds financial assets available for sale.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk with the latter subdivided into interest rate risk, equity price risk and foreign currency risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

Risk management structure

The Board of Directors of the Company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk mitigation

As part of its overall risk management, the Company may choose to use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual counter-parties, and for geographical and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties. The Company seeks to limit its credit risk with respect to cash and bank balance by dealing with respectable banks.

The Companies five largest customers account for 76% (2014: 69%) of outstanding accounts receivable at the reporting date.

With respect to credit risk arising from the financial assets of the Company (which comprise trade receivable, due from related parties and cash and cash equivalents), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a periodic basis. Amount due to related parties are payable on demand and accounts payables are settled within 3 months from the reporting date.

16 RISK MANAGEMENT (continued)

Market risk

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

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is not significantly exposed to interest rate risks since it does not have material financial instruments which carry interest at floating rate at the reporting date.

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 Company›s investment in equity securities classified as 'financial assets available for sale'.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Company has significant exposure at 31 December:

	Change in equity price %	Effect on other comprehensive income KD
Kuwait Stock Exchange		
2015	**±5**	**144,730**
2014	±5	110,180

An increase/decrease in the value of the equity price would only impact other comprehensive income, and not have an effect on statement of income.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge foreign currency exposures.

The effect on statement of income (due to change in the fair value of monetary assets and liabilities) as a result of change in currency rate, with all other variables held constant is shown below:

	Change in currency rate in %	Effect on profit	
Currency		**2015 KD**	2014 KD
US Dollars	**±5%**	**13,231**	20,761
Euro	**±5%**	**1,327**	411

The effect of increase in currency rate is expected to be equal and opposite to the effect of the decrease shown above. There will be no effect on other comprehensive income.

17 CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years end 31 December 2015 and 31 December 2014. Capital comprises share capital, share premium, statutory reserve, voluntary reserve, cumulative changes in fair values, foreign currency translation reserve, asset revaluation reserve and retained earnings and is measured at KD 17,952,109 as at 31 December 2015 (2014: KD 16,060,159).

United Oil Projects

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How to obtain our 2015 Financial Statements:

Shareholders attending our General Assembly meeting will be provided with a draft printed copy of the Financial Statements for their approval. Shareholders can request a printed copy of the Financial Statements to be sent to them by courier seven days before the advertised date of the General Assembly; please contact Ms. Nehaya Al-Qedra, HR and Admin. Manager, Tel.: +965 2326 3297 ext. 111 to arrange this.

Shareholders can request a copy of the Financial Statements to be sent to them by email seven days before the advertised date of the General Assembly; please contact nhelmy@uopkt.com to arrange this.

Shareholders can download a PDF copy of the Financial Statements seven days before the advertised date of the General Assembly from our company website - www.uopkt.com

For further information on our 2015 Financial Statements or for extra copies of this Review, please call +965 2326 3297

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