Hits Telecom Holding Company

K.S.C. (Public)
and its subsidiaries
Kuwait
The consolidated financial statements
for the financial year ended December 31, 2015
with
Independent auditors' report

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Independent auditors' report

The Shareholders
Hits Telecom Holding Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Hits Telecom Holding Company - K.S.C. (Public) - "the Parent", and its subsidiaries together referred to as "The Group" - which comprise the consolidated statement of financial position as of December 31, 2015 and the consolidated statements of profits or losses, comprehensive profits or losses, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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

Emphasis of matters
Without qualifying our opinion, we draw attention to Note (11) to the consolidated financial statements regarding the loan to a related party and the provision for doubtful debts made to the debt for reasons mentioned in the note.

Report on other legal and regulatory requirements
Furthermore, in our opinion, proper books of account have been kept by "The Parent" company, physical counting was carried out in accordance with recognized practices, the consolidated financial statements together with the financial contents of the report of the Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016 and related Executive Regulations (note 3/1), law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation and "The Parent" company's memorandum and articles of association. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 1 of year 2016 and related Executive Regulations, law no. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or of "The Parent" company's memorandum and articles of association during the financial year ended December 31, 2015 that might have had a material effect on "The Parent" company's business or its consolidated financial position.

Ali A. Al Hasawi
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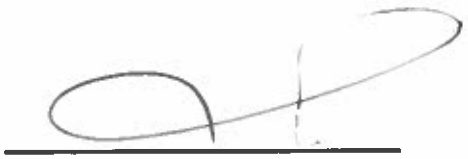
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March 27, 2016
State of Kuwait

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

Consolidated statement of financial position as of December 31, 2015
"All amounts are in Kuwaiti Dinar"

	Note	2015	2014
Assets			
Non-current assets			
Property and equipment	6	**255,719**	292,048
Intangible assets	7	**14,273,478**	14,222,157
Investment in joint venture	8	**2,513,060**	314,476
Investment in an unconsolidated subsidiary	9	**414,764**	-
Available for sale investments	10	**22,169,508**	20,610,334
Loan to a related party	11	**18,686,527**	22,186,527
		58,313,056	57,625,542
Current assets			
Inventory		**5,213,858**	8,176,985
Accounts receivable and other debit balances	12	**6,949,120**	8,633,805
Due from related parties	13	**3,174,303**	3,611,602
Finance, joint ventures and mudaraba	14	**911,209**	911,209
Cash and cash equivalents		**1,968,449**	775,686
		18,216,939	22,109,287
Total assets		**76,529,995**	79,734,829
Equity and liabilities			
Equity			
Share capital	15	**87,234,161**	87,234,161
Share premium		**6,846,580**	6,846,580
Treasury shares		**(640,233)**	(2,740,011)
Treasury shares reserve		**260,411**	-
Cumulative changes in fair value		**(2,906,077)**	(2,906,077)
Foreign currency translation reserve		**1,649,089**	1,081,310
Accumulated losses		**(29,191,130)**	(23,508,763)
Total equity		**63,252,801**	66,007,200
Non-current liabilities			
Accounts payable and other credit balances	17	**489,276**	568,075
Provision for end of service indemnity		**578,358**	376,416
		1,067,634	944,491
Current liabilities			
Accounts payable and other credit balances	17	**12,038,901**	10,691,123
Due to related parties	13	**170,659**	2,092,015
		12,209,560	12,783,138
Total equity and liabilities		**76,529,995**	79,734,829



Bader Hassan Yousef
Vice Chairman

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

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

Consolidated statement of profits or losses for the financial year ended December 31, 2015
"All amounts are in Kuwaiti Dinar"

	Note	2015	2014
Revenue of activity		**90,473,748**	173,315,795
Cost of activity		**(84,246,426)**	(165,569,013)
Gross profit of activity		**6,227,322**	7,746,782
Gain from investment in joint venture	8	**1,817,338**	-
Impairment loss on available for sale investments	10	**(3,678,104)**	(2,738,000)
"The Group" share in an associate's results		**-**	(1,158,042)
Cancellation of granted loan to a subsidiary		**-**	(901,591)
Settlement profits with creditors of "The Parent"		**-**	8,555,498
Loss from disposal of intangible assets at cost		**(21,701)**	-
Loss from disposal of property and equipment at cost		**(6,899)**	-
Provision for loan to a related party	11	**(3,500,000)**	-
General and administrative expenses	18	**(2,486,789)**	(3,112,690)
Marketing and selling expenses	19	**(3,768,946)**	(3,122,881)
Depreciation and amortization		**(164,801)**	(80,279)
Finance charges		**(99,787)**	(34,114)
Impairment of goodwill		**-**	(8,075,325)
Provision for advance payments for purchasing investments		**-**	(2,946,778)
Profit from sale investment in a subsidiary		**-**	174,895
Other income		**-**	121,823
Net loss for the year		**(5,682,367)**	(5,570,702)
Loss per share/(Fils)	20	**(6.60)**	(7.96)

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

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

Consolidated statement of comprehensive profits or losses for the financial year ended December 31, 2015
"All amounts are in Kuwaiti Dinar"

	2015	2014
Net loss for the year	**(5,682,367)**	(5,570,702)
Other comprehensive income for the year:		
Transferred to statement of profits or losses as impairment value	-	2,738,000
Exchange differences on translating foreign currency	**567,779**	1,260,306
Total other comprehensive income for the year	**567,779**	3,998,306
Total comprehensive loss for the year	**(5,114,588)**	(1,572,396)

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

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

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

"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Other reserves	Treasury shares	Treasury shares reserve	Cumulative changes in fair value	Foreign currency translation reserve	Accumulated losses	Total
Balance at January 1, 2014	72,091,686	6,846,580	147,896	(6,837,335)	-	(5,644,077)	(178,996)	(5,688,012)	60,737,742
Increase share capital	15,142,475	-	-	-	-	-	-	-	15,142,475
Net loss for the year	-	-	-	-	-	-	-	(5,570,702)	(5,570,702)
Other comprehensive income for the year	-	-	-	-	-	2,738,000	1,260,306	-	3,998,306
Total comprehensive loss for the year	-	-	-	-	-	2,738,000	1,260,306	(5,570,702)	(1,572,396)
Settlement profits with creditors of "the Parent"	-	-	-	-	-	-	-	(8,555,498)	(8,555,498)
Loss from sale treasury shares	-	-	-	4,097,324	-	-	-	(3,694,551)	402,773
Disposal of reserves resulted from sale a subsidiary	-	-	(147,896)	-	-	-	-	-	(147,896)
Balance as of December 31, 2014	87,234,161	6,846,580	-	(2,740,011)	-	(2,906,077)	1,081,310	(23,508,763)	66,007,200
Balance at January 1, 2015	87,234,161	6,846,580		(2,740,011)	-	(2,906,077)	1,081,310	(23,508,763)	66,007,200
Net loss for the year	-	-	-	-	-	-	-	(5,682,367)	(5,682,367)
Other comprehensive income for the year	-	-	-	-	-	-	567,779	-	567,779
Total comprehensive loss for the year	-	-	-	-	-	-	567,779	(5,682,367)	(5,114,588)
Treasury shares sale	-	-	-	2,099,778	260,411	-	-	-	2,360,189
Balance as of December 31, 2015	**87,234,161**	**6,846,580**	**-**	**(640,233)**	**260,411**	**(2,906,077)**	**1,649,089**	**(29,191,130)**	**63,252,801**

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

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

Consolidated statement of cash flows for the financial year ended December 31, 2015
"All amounts are in Kuwaiti Dinar"

	2015	2014
Cash flows from operating activities		
Net loss for the year	**(5,682,367)**	(5,570,702)
Adjustments:		
Depreciation and amortization	**164,801**	80,279
Disposal of property and equipment at cost	**6,899**	112,143
Disposal of intangible assets at cost	**21,701**	718,449
Cancellation of granted loan to a subsidiary	**-**	901,561
Gain from investment in joint venture	**(1,817,338)**	-
Impairment loss on available for sale investments	**3,678,104**	-
Provision for loan to a related party	**3,500,000**	-
Provision for doubtful debts	**152,132**	-
Impairment of goodwill	**-**	8,075,325
Settlement profits with creditors of "The Parent" company	**-**	(8,555,498)
Provision for end of service indemnity	**201,942**	117,442
Profit from sale investment in a subsidiary	**-**	(174,895)
"The Group" share in an associate's results	**-**	1,158,042
Provision for advance payments for purchasing investments	**-**	2,946,778
Finance charges	**99,787**	34,114
Adjusted gain/(loss) before calculating the effect of changes in working capital items	**325,661**	(156,962)
Inventory	**2,963,127**	954,076
Accounts receivable and other debit balances	**1,532,551**	2,323,752
Related parties	**(4,230,318)**	1,653,714
Accounts payable and other credit balances	**1,268,979**	(3,977,346)
Net cash generated from operating activities	**1,860,000**	797,234
Cash flows from investing activities		
Property and equipment	**(85,386)**	(139,628)
Intangible assets	**(21,218)**	(218,000)
Investment in an unconsolidated subsidiary	**(414,764)**	-
Available for sale investments	**(2,491,016)**	-
Investment in joint venture	**(585,210)**	(314,476)
Net cash used in investing activities	**(3,597,594)**	(672,104)
Cash flows from financing activities		
Term loans	**-**	(666,344)
Finance charges paid	**(99,787)**	(34,114)
Change in treasury shares	**2,360,189**	-
Net cash generated from/(used in) financing activities	**2,260,402**	(700,458)
Foreign currency translation reserve	**669,955**	(464,430)
Net increase/(decrease) in cash and cash equivalents	**1,192,763**	(1,039,758)
Cash and cash equivalents at beginning of the year	**775,686**	1,815,444
Cash and cash equivalents at end of the year	**1,968,449**	775,686

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

Hits Telecom Holding Company
K.S.C. (Public)
and its Subsidiaries
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2015
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Brief on "the Parent"

Hits Telecom Holding Company K.S.C (Public) was incorporated on May 22, 1999 in accordance with the Companies' Law of 1960 article No. 15, and its subsequent amendments.

The objectives for which "The Parent" was established are:

- Owning shares in Kuwaiti and Non-Kuwaiti shareholding companies and also owning shares or quotas in Kuwaiti and Non-Kuwaiti limited liability companies or participating in establishing, managing and guaranteeing both kinds of companies to others related to communication segment only.
- Lending companies in which it holds shares and guaranteeing them to others, providing that the holding company's ownership percentage in the share capital of the borrowing company must be at least 20%.
- Owning industrial property rights of patents or commercial or industrial trademarks, or industrial charges or any other rights relating there to, and leasing to other companies for utilization inside or outside the State of Kuwait related to communication segment only.
- Holding movables and real estate that are necessary to initiate its activity in accordance with the Law.
- Utilizing the surplus funds by investing them in financial and real estate portfolios managed by specialized companies.

"The Parent" company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to establish, participate or purchase these firms or institutions or join them.

"The Parent" company practices its operation in accordance with Islamic Sharia.

The registered Head Office of "The Parent" is: Jasem El-Asfour Tower – Sour Street – Kuwait City.

The consolidated financial statements for the financial year ended December 31, 2015 were authorized for issue from the Board of Directors on 27 March 2016.

The Shareholders' General Assembly has the authority to amend these consolidated financial statements after their issuance.

2- Application of new and revised International Financial Reporting Standards (IFRSs)

2/1) Amendments to IFRSs those are mandatorily effective for the current year:

In the current year, the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) are mandatorily effective for an accounting period beginning on or after January 1, 2015:

- **Amendments to IAS 19 "Defined Benefit Plans - Employee Contributions"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendments to IAS 19 to be applied retrospectively, which clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 2 "Share-based payment"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendment to be applied prospectively, which amended the definitions of vesting condition and market condition and provided definitions for performance condition and service condition, which were previously part of the definition of vesting condition. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 3 "Business Combinations"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendments to be applied prospectively, which clarified contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. Also, excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 13 "Fair Value Measurement"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial. These amendments are to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards.

  Also, clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9 "Financial Instruments", regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation".

  These amendments have no effect on the financial statements of the Company.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount to be adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment has no effect on the financial statements of the Company.

- **Amendments to IAS 24 "Related Party Disclosures"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is considered a related party of the reporting entity. This amendment is not relevant for the Company as it does not receive any management services from other entities.

- **Amendments to IAS 40 "Investment Property"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 "Business Combinations" and investment property as defined in IAS 40 "Investment Property" requires the separate application of both standards independently of each other. The amendment has no effect on the financial statements of the Company.

2/2) ***New and revised IFRSs in issue but not yet effective:***
The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- **IFRS 9 "Financial Instruments"**
  (Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted).
  IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting.

  The final version of IFRS 9 was issued in July 2014, which adds a new expected loss impairment model and limited amendments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test. The final version supersedes all previous versions of IFRS 9 and replaces IAS 39. The Company is in the process to quantify the effect on the financial statements.

- **IFRS 14 "Regulatory Deferral Accounts"**
  (Effective for annual periods beginning on or after January 1, 2016)
  This standard is applied by first-time adaptors of IFRS. The standard is designed as a limited scope Standard to provide short-term solution for rate-regulated entities that have not yet adopted IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"**
  (Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted).
  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and related Interpretations when it becomes effective. The standard introduces a five-step approach for revenue recognition to be applied to all contracts with customers.

- **Amendments to IFRS 11 "Accounting for Acquisitions of Interest in Joint Operations"**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations". A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

- **Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

- **Amendments to IAS 27 "Separate Financial Statements"**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments allowed an entity to account for its investment in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost; or
- In accordance with IFRS 9; or
- Using the equity method

Also, clarified that when the parent ceases or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The management anticipates that the new standards will be adopted in the Company's accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Company's operations are expected not to have a material impact on the Company's financial statements.

3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated consulted financial statements are as follows:

3/1) Basis of the consolidated financial statements preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and amendments.
- Companies law no. 1 of year 2016 ("new law") was issued on January 24, 2016 and published in the official gazette on February 1, 2016 which has cancelled the companies law no. 25 of year 2012, as amended ("previous law"). The new law shall be applied as of November 26, 2012 and the executive regulation of previous law will continue until the issuance of an executive regulation for the new law within two months of publishing in the official gazette (February 1, 2016).
- The accounting policies used in preparation of these consolidated financial statements are consistent with those used in preparation of the financial statements of previous year.

3/2) Accounting convention

- The consolidated financial statements are prepared under the historical cost following the revised accrual basis of return of financial assets valued at fair value as described in the detailed policies and other explanatory notes.
- The consolidated financial statements have been presented in Kuwaiti Dinar.

3/3) Basis of financial statements consolidation

- "The Group" consolidates the financial statements of "The Parent" Company and subsidiaries (i.e. investees that it controls) (Note – 6) and investees controlled by its subsidiaries.
- "The Group" controls an investee if and only if "The Group" has:
  - Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
  - Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.
- When "The Group" has less than a majority of the voting or similar rights of an investee, "The Group" considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - The contractual arrangement with the other vote holders of the investee;
  - Rights arising from other contractual arrangements;
  - Voting rights and potential voting rights;
- The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to "The Group" until the date that control ceases.

- Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to "The Parent" Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.
- Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full.
- If a parent loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests.
  Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of profit or loss.

3/4) Non-current assets held for sale

The assets are classified as non-current assets held for sale when the criteria to be classified as held for sale has been met or it has been disposed. An item is classified as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. The assets held for sale are measured at the lower of their book value or fair value less costs of sale.
Non-current assets (or disposal Group) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

3/5) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The recoverable value of property and equipment are reviewed at the consolidated financial position date. If the recoverable value for property and equipment decreased from the book value in which case the book value is written down to the recoverable value. If the useful lives are different from its estimated lives then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

Gains or losses on disposal of property and equipment in the statement of consolidated income statements by the difference between the net realizable value and net book value.

Property and equipment are depreciated on straight line basis to reduce its value to the residual value over their estimated useful lives.

The useful lives of the property and equipments are as follow:

Improvements on buildings	5 – 10	years
Furniture and fixtures	5 – 10	years
Office equipment and computers	3 – 4	years
Motor vehicles	5	years
Machines and equipment	3 – 10	years

3/6) Intangible assets and goodwill

Identifiable non-monetary assets acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets with indefinite useful lives are not subject to amortization and are tested at least annually for impairment.

Intangible assets which have a finite life are amortized over their useful lives. For acquired network license whose operations are governed by fixed term license, the amortization period is determined primarily by reference to the terms of the licenses and the conditions for license renewal. License fees are amortized on a straight-line basis over the life of the license.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable net assets acquired in a business combination or the associates at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to each cash generating unit for the purpose of impairment testing. Goodwill is testing at least annually for impairment and carried at cost less accumulated impairment losses. Gain or losses on disposal of the subsidiary or a part of the subsidiary include the carrying amount of goodwill relating to the subsidiary or the portion sold.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible assets is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the consolidated statement of income and that relating to goodwill cannot be reversed in the subsequent periods.

3/7) Investment in joint venture

The joint venture is a contractual arrangement whereby the company and other parties undertake an economic activity that is subject to joint control. The costs of joint ventures are initially recorded at cost and adjusted thereafter for the past acquisition the change in the venture's share of net assets of the jointly controlled entity. The ventures recognizes in its separated financial statements and subsequently in the consolidated: the assets and liabilities that it controls and the expenses that it incurs – its share of the income that it earns from the sale of goods or services by the joint venture.

3/8) Inventory
Inventory which are principally pre-paid Sim Cards and Vouchers are Valued at the lower of cost and net realizable value. Post Paid Sim Cards are Valued at Zero until activated by concerned telecommunications company. Telecommunications devices are stated at the lower of cost and market value, cost is determined on a weighted average basis.

3/9) Trade receivables
Trade receivables are stated at their nominal value, less an allowance for any doubtful debts. Management determines the adequacy of the allowance based upon reviews of individual customers, current economic conditions, past experience and other related factors.

3/10) Cash and cash equivalents
Cash and cash equivalents comprise of cash on hand and at banks and short-term bank deposits with a maturity date not exceeding three months from the date of deposit.

3/11) Impairment of non-financial assets
At each consolidated financial position date, "The Group" reviews the carrying amounts of its non-financial assets to determine whether there is objective evidence that those assets have suffered from impairment in value. If any such evidence exists, the recoverable amount of the assets is estimated. The impairment losses are recognized in the consolidated statement of income when the carrying amount of assets exceeds its recoverable value.
Reversal of impairment losses in value that were recognized in prior years are recognized as revenue in the consolidated statement of income when there is an indication that the impairment losses, recognized for the asset no longer exist or has decreased.

3/12) Accounts payable
Accounts payable are stated at their nominal value.

3/13) Recognition and de-recognition of financial assets and liabilities
A financial asset or a financial liability is recognized when "The Group" becomes a party to the contractual provision of the instrument. A financial asset is de-recognized either when the contractual rights to cash flow from the financial asset expires or when "The Group" transferred all the risks and rewards of ownership or if "The Group" does not transferred all the risks and rewards of ownership and no longer has control over the asset or a proportion of the asset. The financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

3/14) Trading and settlement date accounting
All regular way purchases and sales of financial assets are recognized using settlement date accounting. That the date which "The Group" be supposed to purchase or sell the assets, regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

3/15) Murabaha investments

Murabaha is an Islamic instrument includes purchase asset and sell immediately at cost plus profit. The due amount settled on payable basis. When credit risks related to financial institute, the due amount classified as Murabaha investments. When credit risks related to individuals, the due amount classified as Murabaha receivables. Murabaha investments will be recognized less provision impairment in value if any.

3/16) Treasury shares

Treasury shares consist of "The Parent" company owned shares that have been issued, subsequently repurchased by "The Group" and not yet re-issued or cancelled until the consolidated financial position date. The treasury shares are treated using the cost method; under the cost method cost of the treasury shares is charged to an account in equity. When re-issued the profit recognized in equity separately "Gain on sale of treasury shares" which is not distributable, any realized losses are charged the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then reserves. Realized gains subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and gain on sale of treasury shares.

3/17) Provision for end of service indemnity

Provision for staff end of service indemnity is calculated as per the Labor Law in the private sector in state of Kuwait and the respective labor laws of countries of these subsidiaries or the signed contracts on the assumption of ending the services of all staff at the consolidated financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of "The Group" towards employees indemnity for past and current periods.

3/18) Provisions

Provision is recognized when "The Group" has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each consolidated financial position date and adjusted to reflect the current best estimate.

3/19) Revenue recognition

- Airtime revenue is recognized based on actual usage. Subscription income is recognized on a time proportion basis. Other revenues primarily comprising of handset equipment, Sim Card starter pack sales and other telecommunication product is accounted for in the year when that sales are sold on and are recognized upon delivery to customers.
- Revenue of sales is recognized when the significant risks and rewards are transferred to the buyer, and no significant uncertainties remain regarding the derivation of consideration associated with the selling goods and the costs that may be incurred from the possibility of returned goods existence.
- Income from Murabaha Finance and joint ventures is recognized on periodic basis distribution.
- Dividend income from shares is recognized when the right to receive it is established.
- Other categories of income are recognized when earned, at the time the related services are rendered and / or based on the terms of the contractual agreement of each activity.

3/20) Borrowing costs

- Interest on loans and facilities is calculated on the accrual basis and is recognized in the consolidated statement of income in the period in which it is incurred.
- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized borrowing costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- Borrowing costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred.

3/21) Foreign currencies

The functional currency of "The Parent" is the Kuwaiti Dinar "KD" and accordingly, the consolidated financial statements are presented in KD. Transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in the consolidated equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in the consolidated equity.
The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the consolidated financial position date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising (If any), are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognized in the consolidated statement of income in the period in which the foreign operation disposed of.

3/22) Kuwait Foundation for the Advancement of Science

The share of contribution to Kuwait foundation for the advancement of science was calculated from the net annual profit after eliminating the profit of subsidiaries and associates of shareholding companies, of which the tax is separately computed as well as the amounts transferred to statutory reserve.

3/23) National Labour Support Tax

This item represents the tax payable to Kuwait Ministry of Finance under National Labor Support Law no. 19 of 2000.

3/24) Zakat

This item represents Zakat provision calculated in accordance with law No 46/2006 regarding Zakat imposing on the Public and closed shareholding companies. This Zakat has been computed at 1 % of net profit before deducting "The Parent" company's provisions and reserves.
The other items of Zakat paid by some subsidiaries are calculated in accordance with related local laws of the countries in which these subsidiaries are located. The provision made in these subsidiaries is charged directly for the consolidated statement of income.

3/25) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

4- Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and previous periods.

Critical judgments in applying the Group's policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect in the amounts recognized in the consolidated financial statements:

Classification of investments

"The Parent" company's management decides on the acquisition of an investment whether it should be classified as available for sale or FVTPL.
"The Group" classifies investments as at FVTPL if the investment has been acquired principally for the purpose of selling it in the near term and its fair value can be reliable determined. All other investments are classified as available for sale.

Impairment of investments

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

The productive life of property and equipment and intangible assets
The group's management makes determination of productive lives and depreciations of property and equipment and amortization of intangible assets. The management increases the depreciation or amortization expenses when the estimated productive lives are lower than the estimated lives before or eliminating or decreasing the value of obsolete or non-strategic assets which are cancelled or sold.

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

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same;
- Other valuation models.

5- The subsidiaries

The consolidated financial statements include the financial statements of "The Parent" and its subsidiaries as following:

		Shareholding percentage	
	Country of incorporation	December 31, 2015	December 31, 2014
Qanawat Holding Company B.S.C - closed (Previously : Rehab Al Madina Real Estate Company - B.S.C - closed)	Bahrain	**99%**	-
Elite Telecommunications Services for General Trading company (W.L.L)	Kuwait	**99%**	99%
Fawran Telecom Company (W.L.L)	Saudi Arabia	**10%**	99%
Qanawat for General Trading and contracting company (W.L.L)	Kuwait	**10%**	99%

- The consolidated financial statements for the above subsidiaries have been consolidated based on audited financial statements as of December 31, 2015, as total assets of these subsidiaries included in the consolidated statement of financial position are KD 44,376,342 and their net loss included in the consolidated statement of profit or loss is KD 1,642,175.

- During the year "the Group" has acquired Qanawat Holding Company – B.S.C. Closed – Bahrain Kingdom - (Previously: Rehab Al Madina Real Estate Company - B.S.C - Closed) by 99%, for KD 5,000 the acquisition process resulted in loss amounted to KD 2,408 and the effect of this transaction has been eliminated from the consolidated statement of cash flows as it is a non-cash transaction. As "the Group" has control over the financial and operating policies of this company, accordingly this company has been classified as a subsidiary company and its statements have been consolidated from the acquisition date.

  During the year, "The Parent" restructured its ownership in the shares of its subsidiaries as follows:

- Increasing the capital of the subsidiary Company (Fawran Telecom Company W.L.L - Kingdom of Saudi Arabia) through the subscription of a subsidiary (Qanawat Telecom Company - W.L.L - Kingdom of Saudi Arabia) which a subsidiary to Qanwat Holding – Kingdom of Bahrain- in the increase which resulted in the decrease of the parent company's ownership to 10%. "The Parent" continues to exercise control on the financial and operating policies of this company though indirect ownership of one subsidiary.
- "The Parent" Transferred 90% of its ownership in shares of Qanawat General Trading and Contracting – W.L.L - Kuwait – to Qanawat Telecom Company – W.L.L.- Kingdom of Saudi Arabia at the book value and "The Parent" continues to exercise control over the financial and operating policies of this company through indirect ownership of one subsidiary.
- Transferring full ownership of its shares in Qanawat Telecom Company - W.L.L - Saudi Arabia - to the subsidiary- Qanawat Holding company - B.S.C - Closed Kingdom of Bahrain - (Previously: Rehab Al Madina Real Estate Company - B.S.C - closed) at the book value.

- The restructuring resulted in no impact on the consolidated statement of profit or loss and the consolidated statement of cash flows.

6- Property and equipment

	Improvements on buildings	Furniture and fixtures	Office equipment and computers	Motor vehicles	Machines and equipment	Total
Cost						
Balance at January1, 2015	161,497	119,852	569,325	142,396	781,717	1,774,787
Additions	2,204	42,757	29,352	11,073	-	85,386
Disposals	-	(8,757)	-	-	-	(8,757)
Foregin currency translation	20,561	18,660	23,188	15,527	61,809	139,745
Balance at December 31, 2015	184,262	172,512	621,865	168,996	843,526	1,991,161
Accumulated depreciation						
Balance at January 1, 2015	157,857	100,787	565,353	98,190	560,552	1,482,739
Charged for the year	1,169	25,651	15,458	11,453	67,573	121,304
Disposals	-	(1,858)	-	-	-	(1,858)
Foregin currency translation	19,846	17,594	22,880	14,510	58,427	133,257
Balance at December 31, 2015	178,872	142,174	603,691	124,153	686,552	1,735,442
Net book value						
At December 31, 2015	**5,390**	**30,338**	**18,174**	**44,843**	**156,974**	**255,719**
At December 31, 2014	3,640	19,065	3,972	44,206	221,165	292,048

7- Intangible assets

	Key money	Goodwill*	Total
Cost			
Balance at January 1, 2015	218,000	14,015,057	14,233,057
Additions	21,218	-	21,218
Disposal	(28,934)	-	(28,934)
Foregin currency translation	8,247	88,916	97,163
Balance at December 31, 2015	218,531	14,103,973	14,322,504
Accumulted amortization			
Balance at January 1, 2015	10,900	-	10,900
Charged for the year	43,497	-	43,497
Disposals	(7,233)	-	(7,233)
Foregin currency translation	1,862	-	1,862
Balance at December 31, 2015	49,026	-	49,026
Net book value			
At December 31, 2015	**169,505**	**14,103,973**	**14,273,478**
At December 31, 2014	207,100	14,015,057	14,222,157

* This item represents a Goodwill amounting to KD 14,015,057 resulted from acquisition of a subsidiary company - Qanawat Telecom Company (W.L.L) - Kingdom of Saudi Arabia - the management makes an impairment test for the Goodwill annually, and "The Parent" management believes that there is no indication for an impairment in value of Goodwill based on an external party study as of December 31, 2015.

8- Investment in joint venture

	2015	2014
Invested amount	**227,582**	145,976
Additions	**585,210**	81,098
Balance at December 31	**812,792**	227,074

Accrued income

	2015	2014
Balance at January 1	**99,515**	(163,039)
Accrued income during the year	**1,600,753**	250,441
Balance at December 31	**1,700,268**	87,402
Net book value	**2,513,060**	314,476

- On March 17, 2009 one of the subsidiaries (Qanawat Telecom Company W.L.L. – Kingdom of Saudi Arabia) entered into joint venture agreement for the purchase and distribute of prepaid cell phone and sim cards with some of the other companies under the management of joint committee and the profits are distributed equally between the parties of the joint venture.
- During the current year, the subsidiary company paid additional payment from its share in the new company founded by Mobily Company - Kingdom of Saudi Arabia - which will replace the joint venture.

9- Investment in an unconsolidated subsidiary

"The Group" has invested in the establishment of Qanawat Telecom Company (W.L.L.) - United Arab of Emirates - with 100% ownership, and the financial statements of this company are not consolidated as it is still under construction and no audited financial statements have been issued for this company until the consolidated financial statements date.

10- Available for sale investments

This item represented in non-quoted local shares and following the movement of the investments during the financial year:

	2015	2014
Balance at January 1	**20,610,334**	16,932,230
Additions	**5,237,278**	3,678,104
Impairment loss	**(3,678,104)**	-
Balance at December 31,	**22,169,508**	20,610,334

- These investments are recorded at cost less the impairment in value as there is no reliable instrument to measure its fair value as of the consolidated financial statements date.
- A fully impairment loss amounting to KD 3,678,104 was calculated to one of available for sale investment (HITS Africa Company -Cayman Island– Previously an associate company) as a hedge for non- recovery of book value in whole or in portion due to the stop and liquidation of the company's business, and the loss value has been recognized directly in the consolidated profits or losses.

11- Loan to a related party

This item represents a loan granted to Hits Africa Company (Ltd)- Cayman Island (Previously: an associate company) amounted to USD 75,680,606 bearing an interest rate of 6% matured on March 31, 2017. This loan was granted to Hits Africa Company (Ltd) - Cayman Island (Previously: an associate company) in prior years as a joint venture contract and it hasn't been disclosed in the consolidated financial statements. Since these transactions were eliminated previously between "The Parent" company and its subsidiaries for the consolidation purpose.

This loan is secured upon a transfer of rights agreement between Hits Africa Company (Ltd)- Cayman Islands (Previously: an associate company) and one of its subsidiaries and mortgaged shares of Hits Africa Company (Ltd)- Cayman Islands (Previously: an associate company) in one of its subsidiaries and the relevant rights in favor of Hits Telecom Company.

Due to the discontinuity of Hits Africa Company's business (Ltd)- Cayman Islands (Previously: an associate company) until know whether it will be liquidated or decided to resume in the future the company's business and for hedge purpose the provision for doubtful debts amounting to KD 3,500,000 was made to meet any amounts uncollectible from this loan. See that there is a possibility the company's management and its external counsel for see the possibility of a good collection of the loan in the future.

The loan interest has not been calculated based on the Sharia's opinion which states non calculation of interests before the contract settlement

Notes to the consolidated financial statements for the financial year ended December 31, 2015
"All amounts are in Kuwaiti Dinar unless stated otherwise"

12- Accounts receivable and other debit balances

	2015	2014
Trade receivables	**1,182,637**	3,608,050
Provision for doubtful debts	**(152,132)**	-
	1,030,505	3,608,050
Accrued commissions	**2,110,063**	-
Accrued income	**1,619,696**	3,020,911
Retention for letters of guarantee	**1,416,805**	1,347,966
Prepaid expenses	**468,407**	416,962
Staff receivables	**233,569**	184,331
Advance payments	**67,125**	42,535
Refundable deposits	**2,950**	12,010
Other	**-**	1,040
	6,949,120	8,633,805

The aging of trade receivables past due but not impaired are as follows:

	2015	2014
90-120 days	**1,168,397**	3,485,867
120-180 days	**-**	30,990
180-365 days	**14,240**	91,193
	1,182,637	3,608,050

The carrying value of consolidated accounts receivable and other debit balances approximates their fair value. And also, the other classes within consolidated accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the consolidated reporting date is the fair value of each class of receivables mentioned above.

13- Transactions with related parties

Related parties comprise of associates, major shareholders, Board of Directors and key management personnel of "the Group", entities controlled, jointly controlled or significantly by such parties. "The Group's management" decides on terms and conditions of these transactions. The amounts and balances due from/to related parties are interest free and have no fixed maturity.

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

Consolidated statement of financial position	2015	2014
Finance, joint ventures and mudaraba – (Note – 14)	**911,209**	911,209
Due from related parties	**3,174,303**	3,611,602
Due to related parties	**170,659**	2,092,015
Loan to a related party (Note – 11)	**18,686,527**	22,186,527

The transactions with related parties are subject to approval of the Shareholders' General Assembly.

14- Finance, joint ventures and mudaraba

- This item represents short-term financing contracts, joint ventures and mudaraba with related parties matured within one year from the consolidated financial position date. "The Group" does not calculate fixed profits on theses finance, joint ventures and mudaraba contracts upon permission from sharia Supervisory Board until the settlement of these contracts.
- The fair value of investments in financing, joint venture and mudaraba equal to its carrying value as of December 31, 2015 due to its short-term maturities.

15- Share capital

The authorized, issued, and fully paid up capital of "The Parent" amounted to KD 87,234,161 divided into 872,341,610 shares and all are cash shares. The Extraordinary General Assembly of shareholders, which was approved on July 3, 2014 to increase the share capital from KD 72,091,686 (Seventy Two Million Ninety One Thousand Six Hundred and Eighty Six Kuwaiti Dinar) to KD 87,234,161(Eighty Seven Million Two Hundred Thirty Four Thousand and One Hundred Sixty One Kuwaiti Dinar) increased by allocating shares to creditors amounting to KD 15,142,475 (Fifteen Million One Hundred Forty Two Thousand and Four Hundred Seventy Five Kuwaiti Dinar) with a nominal value of Fils 100 per share, with a waiver of some existing shareholders for their right to subscribe. Recording in the commercial register on the capital increase was done on October 1,2014.

	Authorized and issued		Paid	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Shares 100 Fils for each (all shares are in cash)	**872,341,610**	**872,341,610**	**872,341,610**	**872,341,610**

16- Statutory reserve

In accordance with the Companies Law and "The Parent" company's Articles of Association, 10% of net profit before contribution to Kuwait Foundation for the Advancement of Science, Board of Directors' remuneration, Zakat and National Labor Support Tax has been transferred to the statutory reserve. "The Group" may discontinue such transfer when the reserve equal 50 % of share capital. This reserve is not available for distribution except in cases stipulated by the law. There were no transfers to the statutory reserve due to losses during this year.

17- Accounts payable and other credit balances

	2015	2014
Trade payables	**10,505,538**	9,299,466
Accrued expenses	**1,275,575**	1,072,226
Deferred cheques	**-**	260,000
Advanced payments from customers	**130,427**	140,215
Other	**616,637**	487,291
	12,528,177	11,259,198

18- General and administrative expenses

	2015	2014
Staff costs	**1,454,212**	1,136,545
Rent	**126,463**	782,015
Professional fees	**57,450**	152,662
Charges and subscriptions fees	**73,500**	-
Traveling	**91,123**	64,537
Banking expenses	**26,251**	9,861
Other	**657,790**	967,070
	2,486,789	3,112,690

19- Marketing and selling expenses

	2015	2014
Staff costs	**2,496,708**	2,203,539
Rent	**90,108**	4,670
Advertising	**1,074,210**	890,386
Gifts	**8,129**	3,417
Other	**99,791**	20,869
	3,768,946	3,122,881

20- Loss per share/(Fils)

Loss per share is calculated by dividing net loss for the year by the weighted average number of ordinary shares outstanding during the year less weighted average number of treasury shares as follows:

	2015	2014
Net loss for the year	**(5,682,367)**	(5,570,702)
Weighted average for the outstanding shares during the year	**872,341,610**	740,000,527
Weighted average number of treasury shares	**(11,726,295)**	(40,056,497)
Weighted average number of shares, less weighted average of treasury shares	**860,615,315**	699,944,030
Loss per share/(Fils)	**(6.60)**	(7.96)

21- Contingent liabilities

At the consolidated financial position date, "The Group" had contingent liabilities represented in guarantees with an amount of KD 3,657,564 (2014: KD 3,516,432).

22- Lawsuits

"The Group" has some potential lawsuits represented in cases pending at various levels of courts with other parties and the results of which cannot be determined till the date of consolidated statement of financial position. Therefore the internal legal department of "The Group" believes that there is no need to make provision for these amounts before determining the outcome of these claims and issues.

23- Proposed dividends

On March 27, 2016 the Board of Directors of "The Parent" proposed not to distribute cash dividends for shareholders. This proposal is subject to the approval of the General Assembly of shareholders.

24- Shareholders' General Assembly

On May 19, 2015, the annual general assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2014 and approved the Board of Directors' proposals to not distribute dividends for the financial year ended December 31, 2014 and also not to distribute Board of Directors rewards for the financial year ended December 31, 2014

25- Operating segments

"The Group" primarily operates on one field of business activity represented in communication field, accordingly information reported to the Group's decision makers for the purpose of resource allocation and performance assessment is more focused on the communication activities

Geographic information

"The Group" operates in various geographic regions: The following table shows the distribution of the Group's revenue, assets and liabilities by region:

Revenue:	**2015**	2014
State of Kuwait	**16,456,763**	4,049,968
Outside State of Kuwait	**74,016,985**	169,265,827
	90,473,748	173,315,795

Assets and liabilities:	**2015**		2014	
Region	**Assets**	**Liabilities**	Assets	Liabilities
State of Kuwait	**5,680,483**	**1,147,267**	15,916,460	3,011,682
Outside State of Kuwait				
Kingdom of Saudi Arabia	**29,658,556**	**12,129,927**	29,739,740	10,715,948
Africa	**20,804,061**	**-**	25,864,631	-
United Arab of Emarites	**697,420**	**-**	-	-
Bahrain	**19,689,475**	**-**	8,214,000	-
	76,529,995	**13,277,194**	**79,734,831**	**13,727,630**

26- Financial instruments and risks management

A) Financial instruments:

Significant accounting policies

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and liabilities are disclosed in note (3) to the consolidated financial statements.

Categories of financial instruments

"The Group" financial assets and liabilities are classified in the consolidated statement of financial position are as follows:

Financial assets	**2015**	2014
Accounts receivable and other debit balances	**6,949,120**	8,633,805
Due from related parties	**3,174,303**	3,611,602
Loan to a related party	**18,686,527**	22,186,527
Available for sale investments	**22,169,508**	20,610,334
Finance, joint ventures and mudaraba	**911,209**	911,209
Cash and cash equivalents	**1,968,449**	775,686
	53,859,116	56,729,163

Financial liabilities	**2015**	2014
Accounts payable and other credit balances	**12,528,177**	11,259,198
Due to related parties	**170,659**	2,092,015
	12,698,836	13,351,213

B) Financial risks management

"The Group" uses financial instruments that are exposed to a variety of financial risks as such as credit risks, liquidity risks and market risks.

"The Group" continuously reviews its risks exposures and takes measures to limit it to acceptable level.

- **Credit risks**

Credit risks are the risks that counterparty will cause a financial loss to "The Group" by failing to discharge an obligation. Credit risks arise in the Group's normal course of business. All policies relating to credit are reviewed and approved by the Board of Directors. Credit limits are established for all customers after a careful assessment of their creditworthiness.

Risks concentration of maximum exposure to credit risks

Concentrations of credit risks arise from exposure to customers having similar characteristics in terms of the geographic location in which they operate or the industry sector in which they are engaged, such that their ability to discharge contractual obligations may be similarly affected by changes in political, economic or other condition.

Credit risks can also arise due to a significant concentration of Group's assets to any single counterparty. These risks are managed by diversification of the portfolios. "The Group" considers its maximum exposure to credit risks to be as follows:

	2015	2014
Cash and cash equivalents	**1,968,449**	775,686
Accounts receivable and other debit balances	**6,949,120**	8,633,805
	8,917,569	9,409,491

- **Liquidity risks**

Liquidity risks represent that "The Group" will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a periodically basis by method of future cash flow.

The maturity of liabilities stated below based on the period from the consolidated financial position date to the contractual maturity date. In the case of the financial instrument that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed to settle the liability.

The maturity analysis of financial liabilities at December 31, 2015 is as follows:

	During one year	**More than one year**	**Total**
Provision for end of service indemnity	**-**	**578,358**	**578,358**
Accounts payable and other credit balances	**12,038,903**	**489,276**	**12,528,179**
Due to related parties	**170,659**	**-**	**170,659**
	12,209,562	**1,067,634**	**13,277,196**

The maturity analysis of financial liabilities at December 31, 2014 is as follows:

	During one year	**More than one year**	**Total**
Provision for end of service indemnity	-	376,416	376,416
Accounts payable and other credit balances	10,691,123	568,075	11,259,198
Due to related parties	2,092,015	-	2,092,015
	12,783,138	944,491	13,727,629

- **Market risks**

Market risks comprise of foreign currencies risks, interest rate risks and equity price risks, these risks arise due to changes in market prices, interest rates and foreign currency rates.

Foreign currencies risks

Foreign currency risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Exchange rate risks are managed within approved policy parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the date of consolidated financial position are as follows:

	2015		2014	
Currency	Assets	Liabilities	Assets	Liabilities
US Dollar	**18,686,527**	-	22,186,527	-
Saudi Riyal	**140,207**	-	133,812	-

Interest rate risks
Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes on interest rates in the market.

The Group's interest rate risks arise from long-term borrowings. Borrowings issued at variable rates expose "The Group" to cash flow interest rate risks.

Sensitivity of interest rates
The sensitivity of interest rates measures the effect of the expected changes in interest rates over the financial charges for one year based on the financial liabilities kept at year end and carry interest.

Equity price risks
Equity price risks are the risks that the fair value of equities decreases as the result of changes in the levels of equity indices and the value of individual stocks. Equity price risks are resulted due to the changes in the fair value of the investments in stocks.

The effect on available for sale investments is not recorded as its an unquoted shares in an active market.

27- Capital risk management

A- Capital risks management objectives:

"The Group" manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and other beneficiaries through the optimization of the debt and equity.
The capital structure of the "The Group" consists of equity which comprises share capital, share premium, treasury shares, treasury shares reserve, cumulative changes in fair value, foreign currency translation reserve and accumulated losses.

Currently, "The Group" does not have borrowings or bank facilities.