

Al Madina for Finance and Investment Company – K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditors' Report
For the year ended 31 December 2015

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Al Madina for Finance and Investment Company – K.S.C.P.

State of Kuwait

Independent Auditors' Report to the Shareholders

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al Madina for Finance and Investment Company K.S.C.P. "the Parent Company" and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Parent Company Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning Capital Markets Authority and its related regulations during the financial year ended 31 December 2015 that might have had a material effect on the business of the Group or on its consolidated financial position, except as disclosed in note (12) to these consolidated financial statements regarding Wakala payable obtained from investment funds.

Talal Yousef Al-Muzaini
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Independent Member of B.K.R. International

Kuwait, 3 April 2016

Consolidated Statement of Financial Position as at 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Notes	2015	2014
Assets			
Cash and cash equivalents	5	932,456	2,666,863
Investments at fair value through profit or loss	6	1,561,831	2,061,266
Receivables and other debit balances	7	4,420,384	9,808,225
Investment properties	8	5,451,000	27,857,525
Investments in associates	9	24,508,338	26,766,752
Goodwill		-	175,000
Available for sale investments	10	2,930,474	9,258,023
Property and equipment		129,809	238,334
Total assets		39,934,292	78,831,988
Liabilities and equity			
Liabilities			
Payables and other credit balances	11	7,034,559	7,512,474
Wakala payable	12	2,522,653	34,010,418
Employees' end of service indemnity		163,938	143,782
Total liabilities		9,721,150	41,666,674
Equity			
Share capital	13	40,706,523	40,706,523
Share premium		4,552,924	4,584,998
Treasury shares	14	(2,694,680)	(2,694,680)
Other reserves	16	257,820	(1,155,737)
Accumulated losses		(22,390,166)	(13,979,090)
Total equity attributable to shareholders of the Parent Company		20,432,421	27,462,014
Non-controlling interests	17	9,780,721	9,703,300
Total equity		30,213,142	37,165,314
Total liabilities and equity		39,934,292	78,831,988

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

Mohammad Darwesh Al-Shamali
Chairman

Abdulra'ouf Tawfeeq
Vice Chairman

Al Madina for Finance and Investment Company - K.S.C.P.
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Consolidated Statement of Income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Notes	2015	2014
Revenues			
Gains/ (losses) from settlement of payables and Wakala	11& 12	8,123,561	(986,021)
Gains/ (losses) from investments	18	2,870,135	(2,205,031)
Real estate (losses)/ gains	19	(679,389)	1,889,255
Consultancy services income		152,334	594,592
Other Income		96,845	206,033
		10,563,486	(501,172)
Expenses and other charges			
Losses from investments in associates	20	3,627,837	3,338,191
Other expenses	21	2,095,372	1,776,640
Provisions and impairment losses	22	9,720,033	7,986,333
		15,443,242	13,101,164
Net loss for the year		(4,879,756)	(13,602,336)
Attributable to:			
Shareholders of the Parent Company		(4,809,398)	(13,947,031)
Non-controlling interests		(70,358)	344,695
		(4,879,756)	(13,602,336)
Loss per share (fils)	23	(12.37)	(35.80)

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	2015	2014
Net loss for the year	(4,879,756)	(13,602,336)
Other comprehensive income items:		
Items that may be reclassified subsequently to statement of income:		
Investments in associates		
Group's share in associates' other comprehensive income items	1,564,974	(995,598)
Transferred to statement of income from sale of shares in associates	-	202,616
	1,564,974	(792,982)
Available for sale investments		
Change in fair value	(440,589)	(3,049,728)
Transferred to statement of income from sale of investments	221,289	948,347
Transferred to statement of income from impairment in value	219,300	4,820,054
	-	2,718,673
Total other comprehensive income items	1,564,974	1,925,691
Total comprehensive losses for the year	(3,314,782)	(11,676,645)
Attributable to:		
Shareholders of the Parent Company	(3,395,841)	(12,050,308)
Non-controlling interests	81,059	373,663
	(3,314,782)	(11,676,645)

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

Al Madina for Finance and Investment Company - K.S.C.P.
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Consolidated Statement of Changes in Equity for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves (note 16)	Accumulated losses	Total		
Balance at 1 January 2014	40,706,523	12,734,892	(2,694,680)	(3,052,460)	(8,149,894)	39,544,381	6,887,850	46,432,231
Amortization of accumulated losses	-	(8,149,894)	-	-	8,149,894	-	-	-
Net loss for the year	-	-	-	-	(13,947,031)	(13,947,031)	344,695	(13,602,336)
Other comprehensive income items	-	-	-	1,896,723	-	1,896,723	28,968	1,925,691
Change in non-controlling interests	-	-	-	-	-	-	2,441,787	2,441,787
Group's share in changes of an associate's equity	-	-	-	-	(32,059)	(32,059)	-	(32,059)
Balance at 31 December 2014	40,706,523	4,584,998	(2,694,680)	(1,155,737)	(13,979,090)	27,462,014	9,703,300	37,165,314
Balance at 1 January 2015	40,706,523	4,584,998	(2,694,680)	(1,155,737)	(13,979,090)	27,462,014	9,703,300	37,165,314
Net loss for the year	-	-	-	-	(4,809,398)	(4,809,398)	(70,358)	(4,879,756)
Other comprehensive income items	-	-	-	1,413,557	-	1,413,557	151,417	1,564,974
Loss from sale treasury shares	-	(32,074)	-	-	-	(32,074)	-	(32,074)
Change in non-controlling interests	-	-	-	-	-	-	(3,638)	(3,638)
Group's share in changes of an associate's equity	-	-	-	-	(3,601,678)	(3,601,678)	-	(3,601,678)
Balance at 31 December 2015	40,706,523	4,552,924	(2,694,680)	257,820	(22,390,166)	20,432,421	9,780,721	30,213,142

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

Consolidated Statements of Cash Flows for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Note	2015	2014
Cash flows from operating activities			
Net loss for the year		(4,879,756)	(13,602,336)
Adjustments:			
Gains on sale of property and equipment		(9,742)	-
(Gains) / losses from investments		(2,870,135)	2,205,031
(Gains) / losses from settlement of payables and Wakala		(8,123,561)	986,021
Gains from sale of subsidiary		(2,408)	-
Losses from investments in associates		3,627,837	3,338,191
Real estate losses / (gains)		1,133,650	(1,369,010)
Provisions and impairment losses		9,720,033	7,986,333
Depreciation and amortization		39,789	67,609
Employees' end of service indemnity		20,156	13,650
Losses of operations before changing in the operating assets and liabilities		(1,344,137)	(374,511)
Investments at fair value through profit or loss		23,456	(99,168)
Receivables and other debit balances		(1,288,111)	2,451,088
Payables and other credit balances		(2,600,449)	(2,830,238)
Net cash used in operating activities		(5,209,241)	(852,829)
Cash flows from investing activities			
Cash paid for acquisition of investments in associates		(44,087)	(368,457)
Dividends income received		2,721	-
Proceeds from selling of investments in associates		45,614	509,524
Paid for purchase of available for sale investments		(12,980,268)	(3,712,345)
Proceeds from selling of available for sale investments		13,799,922	4,822,354
Cash generated from disposal of subsidiaries		(4,102)	-
Paid for purchase of investment properties		(93,346)	(164,961)
Proceeds from sale of investment properties		2,800,000	116,370
Net paid for purchase of property and equipment		(15,908)	(124,346)
Net cash generated from investing activities		3,510,546	1,078,139
Cash flows from financing activities			
Net purchase of treasury shares		(32,074)	-
Change in non-controlling interests		(3,638)	-
Wakala payable paid		-	(87,259)
Net cash used in financing activities		(35,712)	(87,259)
Net (decrease)/ increase in cash and cash equivalents		(1,734,407)	138,051
Cash and cash equivalents at the beginning of the year		2,666,863	2,528,812
Cash and cash equivalents at the end of the year	5	932,456	2,666,863

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

1. Incorporation of the Group

Al Madina for Finance and Investment Company (the Parent Company) is a Public Kuwaiti Shareholding Company incorporated in Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on 27 April 2005. The shares of the Company were listed on Kuwait Stock Exchange in 24 April 2006.

The Parent Company's head office is domiciled at Al-Soor Street - Al-Mirqab - Kuwait.

The principle activities of the Parent Company are representing in all investing activities, finance and management of funds and rights. Trading and leasing of lands and real estate.

The activities of the Parent Company are carried out in accordance with Noble Islamic Sharia principles.

The Extra-ordinary General Assembly of the Parent Company was held during the year and approved the amendment of the Articles of Association of the Parent Company in accordance with Companies' Law requirements, and registered this effect in the commercial register.

On 1 February 2016, the new Companies Law no. 1/2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the companies law no. 25 of 2012 and its amendments have been cancelled however, its Executive Regulations will continue until a new set of Executive Regulations are issued.

The General Assembly of the Shareholders held on 31 May 2015 and approved the consolidated financial statements for the year ended 31 December 2014.

The consolidated financial statements were authorized for issuance by the Board of Directors on 3 April 2016.

2. Basis of preparation and Significant accounting policies

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as adopted for use in the state of Kuwait for financial institution regulated by the Central Bank of Kuwait and Capital Market Authority on the historical cost basis except for certain investment properties and financial instruments that are re-measured at fair values, as explained in the accounting policies below.

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

Amendments to IFRSs that are mandatory effective for the current year

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 should applied retrospectively.

This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

Annual improvements 2011-2013 Cycle

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements

The Group has applied the amendments to IFRSs included in the annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle for the first time in the current year. The application of these amendments has had no impact on the disclosures or amounts recognized in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is in the process of assessment the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is in the process of assessment the impact of IFRS 15 on its consolidated financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations

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.*

The amendments should be applied prospectively to acquisitions of interests in joint operations occurring from the beginning of annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisations

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.

The Amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group use the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. These amendments are not expected to have any impact on the Group.

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 Group.

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

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. These amendments are not expected to have any impact on the Group

Annual Improvements 2012-2014 Cycle

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

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

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in statement of income and is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in statement of income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts of interests that have previously been recognised in the statement of comprehensive income, before the date of acquisition, are reclassified to statement of income had the interest been fully disposed off.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

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

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

The results of business, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting except for any investment classified as investment held for sale, as it is accounted for in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and any other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, (including any long-term interests represent a part of the Group's net investment in an associate or a joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Upon acquisition of an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture, recognised at the date of acquisition, is recognised as goodwill. Goodwill is included within the carrying amount of the investment in an associate or a joint ventures. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized in the consolidated statement of income.

Requirements of IAS 39 are applied to determine whether it is necessary to recognize the impairment losses of the associates or joint ventures. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the requirements of IAS No. (36) "Impairment of Assets".

When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associates or joint ventures are disposed only to the extent of interests in the associate or joint venture.

2.3.2 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

All financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted on initial recognition. Transaction costs directly attributable to the acquisition are recognized immediately in the statement of income.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized on a trade date basis. The Group has determined the classification of its financial assets as follows:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL on acquisition.

Financial assets at FVTPL are stated at its fair value. The net gains or losses are recognized in the statement of income and incorporates any dividend or interest earned on the financial asset and recognized in the line of "gains or losses from investments". Fair value is determined in the manner described in note 3.3.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including Islamic debt instruments, other receivables, and cash and cash equivalents) are measured at amortised cost using the effective interest method less any impairment losses.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The financial assets available for sale is re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of changes in fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss is reclassified to the consolidated statement of income.

AFS unquoted equity investments and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in the statement of income when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in other comprehensive income.

Impairment in value

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A provision for impairment in value is made to address the threat of credit related to receivables when there is an objective for the Group that it cannot collect all amounts owed to them. The amount of the provision is the difference between the book value and recoverable amount of the asset which is determined based on the current value for the cash flows, taking into consideration the exclusion of the recoverable amounts of the guarantees and collaterals discounted based on the rate of return. The provision is recognized in the statement of income.

In addition, in accordance with Central Bank of Kuwait instructions, a minimum general provision of 1% of all receivables net of certain restricted categories of collateral and not subject to specific provision.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to statement of income in the period.

For financial instruments measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of income.

Financial liabilities

Financial liabilities (including Wakala payables and trade and other payables) are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

2.3.3 Investment properties

Land and real estate acquired for rental purpose or for capital appreciation in future are classified as investment properties (including investment properties under construction held for the same purposes). The investment properties are initially measured at cost including transaction costs.

After initial recognition, investment properties are measured at fair value. Gain and loss arising from changes in fair value of investment properties is recognized in the statement of income of the same reporting period.

The properties investment are derecognised when sold or disposed and expected not to generate future benefits. Gains and losses resulted from disposal (calculated by the difference between net proceeds from disposals and the book value of the asset) are recorded in the statement of income at the period at which it is derecognised.

2.3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets except for the land on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses on disposals of properties and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

2.3.5 Impairment of tangible and intangible assets other than goodwill

The Group reviews the carrying amount of its tangible and intangible assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets, that do not have a definite useful life, and intangible assets, which are not yet utilized, are tested at least annually to determine the impairment loss.

The net recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognized in the statement of income for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

2.3.6 End of service's indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.7 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.3.8 Treasury shares

Treasury shares represent the Parent Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity when the treasury shares are disposed; gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realised losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings to reserves and then to premium. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

2.3.9 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the statement of income.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated financial Position presented are translated at the closing rate at the date of that consolidated statement of income.
- Income and expenses for consolidated statement of income are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.3.10 Revenues recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances or deductions.

- Revenues from sale of inventory are stated only when the risks and benefits associated with the inventory ownership are transferred to the purchaser. These risks and benefits are transferred to the purchaser, on delivery.
- Services revenues are recognized when the services are rendered.
- Dividend income is recognized when the right to receive payment has been established.
- Deposits interests are recognized on a time basis.

2.3.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.3.12 Zakat

The Parent Company calculates and announces Zakat payable on each share. The shareholders are responsible for the payment.

2.3.13 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

3. Financial risk management

3.1 Financial risk factors

The activities of the Group expose it to a Group of financial risks, which are market risks, which include (foreign currency risks and risks of fair value resulting from the changes in interest rates, and risks of fluctuations in cash flows resulting from changes in interest rates, and risks of market prices) in addition to credit risk and liquidity risks.

The Group is managing these financial risks through concentrating in continues evaluation of the market conditions and trends as well as the management's assessment for long and short-term market factors change.

(A) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises when future commercial transactions take place on assets or liabilities recognized in the Group's financial statements which are denominated in a foreign currency.

The Group has set up policies to manage its foreign exchange risk against their functional currency, through diversifying its investments geographically and financing its investments in foreign currency through borrowing denominated in the same currency. In general, the Group concentrates its investments in Kuwait Dinar to avoid the fluctuation in foreign currency rates.

The Group is mainly exposed to foreign currency risk as a result of gain or losses from translated assets and liabilities denominated in foreign currencies, such as cash and cash equivalents, investments. Following is the carrying amount of the Group's monetary assets and liabilities which are denominated in foreign currencies as at the end of year:

	Assets		Liabilities	
	2015	2014	2015	2014
AED	39,411	1,492,267	-	-
US Dollar	-	4,119	-	-

The effect of foreign currency change by 10% on the consolidated statement of income as at 31 December, would be as follows:

	Consolidated Statement of Income	
	2015	2014
AED	3,941	149,227
US Dollar	-	412

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as investments fair value through profit or loss and available for sale investments. To manage this risk, the Group diversifies its portfolio, studying the market conditions and study the investment opportunities before engaged in it within the Group's strategy. These policies are carried out by the regulatory that are authorized by the Board of Directors. Most of the Group investments are in quoted and unquoted securities and funds.

The table below summarizes the impact on work results and equity with the assumption that KSE index had decreased by 5% with all other variables held constant.

	2015	2014
Effect on net profit	16,043	36,466
Effect on change on fair value reserve	186,995	80,711

(iii) Interest Rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is not exposed to interest rate risk as the group works under Islamic Sharia. Returns from Murabaha and Wakala investments and costs of Murabaha and Wakala payables are allocated based on the effective yield method.

The Group does not calculate fixed returns on Musharakat contracts based on the opinion of Sharia Supervisory Board, as well it ceased to recognize the finance costs (note 12).

(B) Credit risk

The credit risk is the risk that the Group will incur a loss as a result from its customers, clients or counterparties failure to discharges their contractual obligations against the Group. Assets which are exposed to credit risk are cash and cash equivalents. Wakala and Murabaha receivables, receivables on sale of properties and due from related parties.

For cash and cash equivalent the Group manages this risk by dealing with high credit reputation institutes.

For receivables and other debit balances, the Group manages this risk by assessing the customer's credit quality taking into consideration their financial position, past experience and reputation. Furthermore, the Group keeps the ownership of the sold assets until settling the outstanding installments or obtaining other collaterals.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position without taking into consideration the collaterals:

	2015	2014
Cash at banks and financial institutions	930,868	2,662,177
Investments in Islamic debt instruments	475,000	1,532,737
Receivables from selling real estate	3,272,409	3,970,476
Due from related parties	358,191	1,747,757

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management has diversified funding sources, manages assets and monitors future cash flows and liquidity on a daily basis. This encompasses an assessment of expected cash flows and the availability of high grade collaterals which could be used to secure additional funding if required.

Wakala payable are due and the Group is in legal dispute with the creditors. Most of other outstanding liabilities will mature within one year from the consolidated financial statements date.

3.2 Capital risk management

The Group manages its capital to make sure that the Group will be able to continue as a going on concern in addition to provide the maximum rate of return for shareholders through the optimal use of equity.

The capital structure of the Group consists of net debt (wakala payables less cash and cash equivalents) and equity of the Group (comprising share capital, reserves, accumulated losses and non-controlling interests).

The gearing ratio as at 31 December is as follows:

	2015	2014
Total finance	2,522,653	34,010,418
Less : Cash and cash equivalents	(932,456)	(2,666,863)
Net debt	1,590,197	31,343,555
Total equity	30,213,142	37,165,314
Total capital	31,803,339	68,508,869
Gearing ratio (%)	5.00	45.75

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined:

	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2015	2014				
Fair value through profit or loss						
Local quoted shares	449,654	756,597	Level 1	Last bid price	-	-
Local funds units	911,218	1,018,709	Level 2	NAV	-	-
Local unquoted shares	200,959	285,960	Level 3	Discounted cash flows	Discount Rate 7.8% - 8%	The higher the discount rate, the lower the value
Available for sale investment:						
Local quoted shares	2,930,474	1,582,563	Level 1	Last bid price	-	-

The fair value of other financial assets and liabilities approximate their carrying amounts as at the consolidated financial statements date.

The fair value of these other financial assets and liabilities are determined according to the third level based on the management's estimations of expected cash flows. During the year, there is no transferred between valuation levels.

4. Critical accounting judgments and estimates

In the application of the Group's accounting policies, which is stated in note (2), the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions 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. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects future periods.

The following are the key estimates and assumptions concerning the future that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial years.

Valuation of financial instruments

Certain assets and liabilities of the Group are measured at fair value for preparing the financial statements. The Group's management determines the appropriate key methods and inputs required for the fair value's measurement. Upon determining the fair value of assets and liabilities, the management uses an observable market data. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, the impact of such impairment on these consolidated financial statements has been disclosed in note (3.3).

Evidence of impairment of investments

Management determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Group evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows .The impact of such impairment on these consolidated financial statements has been disclosed in note (note 22).

Impairment of Associates

An estimation for Impairment losses of associate is made when there is an indication for such impairment. Determination of the impairment is made for the full book value of the Group's investment in associate including goodwill and therefore, the impairment of goodwill is not separately determined. The impact of such impairment on these consolidated financial statements has been disclosed in note (22).

Impairment of Receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period exceeding the average credit period, change in global and local economies which led the customers to default in payment. The impact of such impairment on these consolidated financial statements has been disclosed in note (22).

Impairment of Murabaha and Musharakat Receivables

The Group's management determines impairment of receivables in the light of the Group's previous experience about collectability, overdue period exceeding the average credit period, change in global and local economies which led the customers to default in payment. A specific provision is made for irregular balances of finance receivables. A general provision is made with a minimum of 1% on all credit facilities for which no specific provisions are made as per the instructions of Central Bank of Kuwait. The impact of such impairment on these consolidated financial statements has been disclosed in note (22).

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment. The impact of such impairment on these consolidated financial statements has been disclosed in notes 22 & 27.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The impact of such impairment on these consolidated financial statements has been disclosed in notes 8 & 19.

5. Cash and cash equivalents

	2015	2014
Current accounts at banks	732,334	1,037,605
Cash at portfolios and Kuwait Clearing company	198,534	1,624,572
Cash on hand	1,588	4,686
	932,456	2,666,863

6. Investments at fair value through profit or loss

	2015	2014
Held for trading investments	449,654	756,597
Investments at fair value through profit or loss	1,112,177	1,304,669
	1,561,831	2,061,266
Investments in local shares – quoted	449,654	756,597
Investments in local shares – unquoted	200,959	285,960
Investments in local funds – unquoted	911,218	1,018,709
	1,561,831	2,061,266

Investments have been valuated based on the valuation techniques as described in note (3.3).

7. Receivables and other debit balances

	2015	2014
Receivables from selling real estate	3,272,409	3,970,476
Deferred revenue	(162,131)	(253,422)
	3,110,278	3,717,054
Due from related parties (note 25)	358,191	1,747,757
Cash restricted against letter of guarantee	287,022	825,200
Accrued income	105,368	655,904
Accrued rents	491,210	491,210
Settlement receivables (note 12.3)	-	2,775,379
Other debit balances	1,584,342	1,327,517
	5,936,411	11,540,021
Less: provision for doubtful debts	(1,516,027)	(1,731,796)
	4,420,384	9,808,225

7.1 Receivables from selling real estate represent the remaining balance due from selling developed properties. The ownership of these properties will be transferred upon the payment of all the remaining amounts paid. These real estates are registered in the name of a related party and there is letter of assignment to the Group.

7.2 Receivables from selling real estate that are not due amounted to KD 1,730,638 as at 31 December 2015 (KD 2,747,560 as at 31 December 2014). These balances include an amount of KD 670,279 as at 31 December 2015 (KD 598,027 as at 31 December 2014) which represent installments that are due upon delivery and registration in favor of the clients.

7.3 Receivables and other related parties' balances that are due but not impaired are amounted to KD 875,145 as at 31 December 2015 (KD 1,730,087 as at 31 December 2014). The following is the aging of these debts:

	2015	2014
Due from 3 to 6 months	598,446	554,512
Due from 6 to 12 months	215,559	323,355
More than one year	61,140	852,220
	875,145	1,730,087

7.4 Receivables and accrued rent that are due and impaired amounted to KD 1,516,027 as at 31 December 2015 (KD 1,731,796 – as at 31 December 2014) for which a fully provision has been provided. The movement on the provision for doubtful debts during the year as follows:

	2015	2014
Opening balance	1,731,796	3,962,345
Net reversal during the year	(215,769)	(2,230,549)
	1,516,027	1,731,796

8. Investment properties

The movement on investment properties during the year was as follows:

	2015	2014
Opening balance	27,857,525	32,016,582
Effect from acquisition / (disposal) of a subsidiary (note 24)	3,912,651	(5,576,658)
Additions	93,346	164,961
Disposals (note 11 & 12.4)	(26,319,522)	(87,173)
Change in fair value	(93,000)	1,339,813
Closing balance	5,451,000	27,857,525

8.1 The fair value of the Group's investment properties has been determined as at the financial statements date on the basis of a valuation carried out on the respective date by independent valuers not related to the Group. These valuers are registered at the related governmental bodies, and they have appropriate and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and the discounted cash flows. In estimating the fair value of the properties, best use of the properties is their current use. Details of investment properties and information about the fair value hierarchy are as follow:

			Fair value as at 31 December	
	Level 2	Level 3	2015	2014
Local real estate	1,429,000	4,022,000	5,451,000	8,973,000
Foreign real estate	-	-	-	18,884,525
	1,429,000	4,022,000	5,451,000	27,857,525

There is no change in fair value determining as well as there is no transferring between the level of fair value during the year.

8.2 A portion of the investment properties amounting to KD 1,429,000 as at 31 December 2015 (KD 1,870,000 as at 31 December 2014) is recorded in the name of related parties, and there are letters of assignment in favor of the Group.

8.3 A portion of the investment properties amounted to KD 3,974,000 as at 31 December 2015 was pledged to financial institution against Murabaha granted to related party.

9. Investments in associates

	Ownership percentage (%)	2015	Ownership percentage (%)	2014
Ekttitab Holding Company – (K.S.C.P)	16.48	1,733,135	16.48	3,203,660
Hits Telecom Company - (K.S.C.P)	29.26	8,079,612	29.22	11,944,817
Sarh Capital Real Estate (K.S.C Closed)	41.63	14,695,591	33.80	11,618,275
		24,508,338		26,766,752

9.1 Investments in associates include a goodwill of KD 422,742 as at 31 December 2015 (KD 413,015 – 2014).

9.2 Ektitab Holding Company and Hits Telecom Company shares are listed on Kuwait Stock Exchange. Based on the published quoted market value of the Group's investments' share in these two companies amounted to KD 1,575,577 and KD 7,215,148 respectively as at 31 December 2015 (KD 2,513,280 and KD 7,582,892 – 2014).

9.3 Although the Group holds less than 20% equity shares in Ekttitab Holding Company, the Group has significant influence over the Company through participating on the financial and operation Company's polices as the Group has direct and indirect representatives in Board of Directors.

9.4 The Group has recorded its shares of the associates' results based on the draft audited financial statements as at 31 December 2015.

9.5 A part of these investments in associates of KD 426,631 as at 31 December 2015 (KD 631,724 as at 31 December 2014) is pledged against investment properties creditors.

9.6 During the year, the Group acquired additional share of 7.83% in Sarh Capital Real Estate K.S.C.C by KD 2,605,412 from related parties against settlement due balances with the same amount. This transaction was eliminated from consolidated statement of cash flows as it is non-cash transaction.

9.7 The following is summarized financial information related to the associates. The summarized financial information set out below represents the amounts shown in the latest financial statements available for these companies prepared as per IFRS:

Ekttitab Holding Company:

	Financial statements for the year ended 31 December	
Available financial information	**2015**	**2014**
Assets	23,303,466	30,120,790
Liabilities	689,866	2,475,289
Non-controlling interests	(47,242)	(37,978)
Losses	(2,875,605)	(2,743,111)
Loss for the year	(3,398,509)	(3,197,603)
Other comprehensive (loss)/ income for the year	(1,624,134)	2,505,826
Total comprehensive loss for the year	(5,022,643)	(691,777)

The following is reconciliation of the above summarized financial information to determine the carrying value of the Group's share in the company recorded in the consolidated financial statements:

	2015	**2014**
Net assets of the associate	22,660,842	27,683,479
Group's share in net assets	3,735,216	4,563,109
Other adjustments	(2,002,081)	(1,359,449)
Carrying amount of Group's interest	1,733,135	3,203,660

Other adjustments represent in impairment in value.

Hits Telecom Company:

Available financial information	Financial information for the period ended 31 December 2015	financial information for the period ended 30 September 2014
Current assets	59,285,235	37,716,511
Non-current assets	17,442,176	46,681,332
Current liabilities	12,643,538	23,873,582
Non-current liabilities	1,064,176	348,339
Non-controlling interests	-	-
Revenues	80,350,036	127,147,788
Loss for the period	(5,864,920)	(687,218)
Other comprehensive income for the period	517,228	273,294
Total comprehensive loss for the period	(5,347,692)	(413,924)

The following is reconciliation of the above summarized financial information to determine the carrying value of the Group's share in the company carried in the consolidated financial statements:

	2015	2014
Net assets of the associate	63,019,697	60,175,922
Group's share in net assets	18,394,571	22,377,264
Other adjustments	(10,314,959)	(10,432,447)
Carrying amount of Group's interest	8,079,612	11,944,817

Other adjustments represent impairment in value.

Sarh Capital Real Estate Company:

Available financial statements	The audited financial statements for the year ended 31 December 2015	2014
Current assets	2,631,377	287,372
Non-current assets	37,822,543	40,748,876
Current liabilities	6,170,016	7,885,874
Revenues	177,339	454,188
Income for the year	76,934	293,815
Other comprehensive income for the year	1,056,596	1,285,862
Total comprehensive income for the year	1,133,530	1,579,677

The following is reconciliation of the above summarized financial information to determine the carrying value of the Group's share in the company recorded in the consolidated financial statements:

	2015	2014
Net assets of the associate	34,283,904	33,150,374
Group's share in net assets	14,272,849	11,205,260
Other adjustments	422,742	413,015
Carrying amount of Group's interest	14,695,591	11,618,275

Other adjustments represent in the goodwill.

10. Available for sale investments

	2015	2014
Local investments – quoted	2,930,474	1,582,563
Local investments – unquoted	-	743,669
Foreign investments – unquoted	-	6,931,791
	2,930,474	9,258,023

10.1 Available for sale investments were evaluated based on basis of valuation techniques mentioned in note (3.3).

10.2 During the current year, the Group has recorded impairment in full for the local unquoted investments based on management' estimations.

11. Payables and other credit balances

	2015	2014
Trade payable	82,724	48,900
Accrued to subcontractors	232,606	90,930
Payables on purchase of investment properties	781,250	781,250
Payables on purchase of investments	-	3,977,707
Provision for claims (note 27.1)	3,160,661	437,904
Due to related parties (note 25)	1,502,216	734,917
Accrued dividends	86,748	322,613
Accrued expenses	147,603	47,469
Tax deductions	760,094	790,411
Other credit balances	280,657	280,373
	7,034,559	7,512,474

During the year, the Group had signed a settlement agreement and settle the amount due to purchase investments of KD 3,977,707 as follows:

- Sale one of the foreign real estate by KD 2,800,000 to this creditor resulted on loss of sale of investment properties by KD 1,112,650 has been recorded in the consolidated statement of income for the current year.
- Payment of KD 2,650,000 to this creditor party as a final settlement of full due balance, therefore, waiving the remaining balance of KD 1,327,707 and recognize it as gain from settlement of credit balances in the consolidated statement of income for the current year.

The Group received a clearance from that party, mortgages and confiscation restrictions on assets have been cleared and lawsuits have been waived off.

12. Wakala payable

	2015	2014
Wakala payable from local banks and external authorities	-	31,487,765
Wakala payable from investment funds	2,522,653	2,522,653
	2,522,653	34,010,418

12.1 All Wakala payables were matured as at 31 December 2015 and 31 December 2014, but have not been renewed, or paid. The Group had ceased to record the finance cost thereon. There is a legal disputes with all parties of the Wakala contracts on the amounts that should be paid. The executive restriction on assets of the Parent company against these Wakala.

12.2 During the previous years, the Parent Company submitted an application to the competent court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law" (the Law) and has submitted a restructuring plan (the Plan). The general counsel head of department issued a judgment accepting the request for restructuring and the resultant cessation of the civil procedures of litigation and execution. The demand was registered at the court of appeal in corporate restructured circle and deferred for 14 April 2016 for exchange acquaintance and settlement.

12.3 During the previous year, the Group signed a settlement agreement to settle the remaining balance of one of the local bank of KD 4,800,000 the settlement has been executed during the current year against payment of KD 3 million in cash. The Group obtained a clearance from this bank and has recognized a gain from settlement of KD 529,770 in the consolidated statement of income for the current year and its related mortgages have been cleared.

12.4 During the current year, the Group had signed a settlement agreement with one of the main creditors' parties to settled Wakala payables approximately KD 26.7 million in addition to settle Wakala payable due from one of related parties of KD 1.5 million against transferring of investment properties of approximately KD 22 million. The Group had transferred all investment properties in favor of the creditors' party. The Group has obtained a clearance from this creditor, therefore, Wakala payables has been settled, and a gain from settlement of approximately KD 6.2 million has been recognized in the consolidated statement of income for the current year and its related legal cases and mortgages have been cleared. This transaction was eliminated from the consolidated statement of cash flows as it is non-cash transaction.

13. Share capital

The authorized, issued and fully paid Parent Company's capital is KD 40,706,523 distributed over 407,065,225 shares with a nominal value of 100 fils each and all shares are in cash.

14. Treasury shares

	2015	2014
Number of shares	17,466,619	17,466,619
Percentage (%)	4.3	4.3
Market value	602,598	506,532

The Parent Company is required to retain reserves, retained earnings and share premium equivalent to the value of treasury shares throughout the period, as long as they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

Treasury shares includes 17,300,000 pledged shares.

15. Reserves

Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of net profit before KFAS, National Labor Support Tax, Board of Directors' remuneration and Zakat expense are transferred to statutory reserve. Statutory reserve is not distribute able to shareholders; however, the reserve could be utilized to secure payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for payment of dividends. When the balance of the reserve exceeds 50% of share capital, the General Assembly is permitted to utilize amounts in excess of 50% of the share capital in aspects seen appropriate for the benefit of the Parent Company and its shareholders.

Voluntary reserve

In accordance with the Parent Company's Articles of Association, a percentage of net profit as proposed by the Board of Directors and approved by the General Assembly is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the General Assembly based on the proposal of the Board of Directors. There is no transfers to statutory and voluntary reserves as during the year the Group increased losses.

16. Other reserves

	Employee share options reserves	Share of Group associates' reserves	Changes in fair value reserve	Total
Balance as at 1 January 2014	490,500	(844,887)	(2,698,073)	(3,052,460)
Total comprehensive year for the year	-	(801,350)	2,698,073	1,896,723
Balance as at 31 December 2014	490,500	(1,646,237)	-	(1,155,737)
Balance as at 1 January 2015	490,500	(1,646,237)	-	(1,155,737)
Total comprehensive income for the year	-	1,413,557	-	1,413,557
Balance as at 31 December 2015	490,500	(232,680)	-	257,820

17. Non-controlling interests

	2015	2014
Balance at 1 January	9,703,300	6,887,850
Share from net (loss) / profit for the year	(70,358)	344,695
Other comprehensive income items:		
Share in other comprehensive income items in an associate	151,417	8,368
Change in fair value of investments available for sale	-	(21,692)
Transferred to statement of income on sale of investments available for sale	-	14,071
Transferred to statement of income on impairment of investments available for sale	-	28,221
	151,417	28,968
Change in non-controlling interests:		
Change in ownership	(3,638)	2,441,787
	(3,638)	2,441,787
Balance at 31 December	9,780,721	9,703,300

18. Gains / (losses) from investments

	2015	2014
Gains/ (losses) on sale of financial investments at fair value through profit or loss	68	(421,895)
Change in fair value of financial investments at fair value through profit or loss	(476,047)	(396,993)
Gains/ (losses) from sale of available for sale investments	3,343,393	(1,386,143)
Dividends income	2,721	-
	2,870,135	(2,205,031)

19. Real estate (losses) / gains

	2015	2014
Change in fair value of investment properties	(93,000)	1,339,813
Rents from investment properties	454,261	520,245
(Losses) / gains from sale of investment properties	(1,040,650)	29,197
	(679,389)	1,889,255

20. Losses from investments in associates

	2015	2014
Losses from trading	25,503	475,717
Group's share in associates' results	3,602,334	2,862,474
	3,627,837	3,338,191

21. Other expenses

Other expenses include staff costs of KD 1,154,493 for the year ended 31 December 2015 (KD 963,918 for the year ended 31 December 2014).

22. Provisions and impairment losses

	2015	2014
Impairment loss from available for sale investments	8,851,288	4,820,054
Impairment loss from goodwill	257,600	-
Net reversal of provision for impairment in investments in Islamic debt instruments	(1,057,737)	(521,221)
Net (reversal) / provide impairment losses of investments in associates	(802,242)	5,660,743
Net reversal of provision for doubtful debts	(215,769)	(2,230,549)
Other provisions and expenses	2,686,893	257,306
	9,720,033	7,986,333

23. Loss per share

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

	2015	2014
Net loss for the year attributable to Shareholders of the Parent Company	(4,809,398)	(13,947,031)
Weighted average number of issued and outstanding shares during the year	388,889,855	389,598,606
Loss per share (fils)	(12.37)	(35.80)

24. Investments in subsidiaries

24.1 Group's structure:

Company name	Legal form	Country of incorporation	Activity	Ownership (%) 2015	Ownership (%) 2014
Real Capita and its Subsidiaries	W.L.L	Kuwait	General trading	99	99
Rehab Al Madina Company	B.S.C	Bahrain	Real estate	-	100
Murgan One Company	W.L.L.	Cayman Island	Real estate	100	-

- The total assets of the subsidiaries amounted to KD 28,417,204 as at 31 December 2015 (KD 55,979,815 as at 31 December 2014), and its net losses KD 5,911,379 for the year ended 31 December 2015 (KD 6,444,156 for the year ended 31 December 2014).

- During the current year, the Group had sold its investments in Rehab Al Madina Company (B.S.C) to a related party, resulted from this a gain of KD 2,408 had been recognized in consolidated statement of income for the current year, the effect of this transaction has been eliminated from the consolidated statement of cash flows as it is non-cash transaction. This company has no significant assets or liabilities.
- During the current year, the Group has acquired 99% of Al-Qalam Economic for Publishing, Distribution, and Advertising Company (W.L.L) from related parties against settlement of the due from those parties. This Company has no significant assets or liabilities.
- During the current year, the Parent Company has signed an agreement with one of its associate company to wholly acquire Murgan One Company. The procedures for transferring the ownership are still in progress during the subsequent period. Irrevocable power of attorney has been obtained in favor of the Parent Company. The Parent Company has started to control over the subsidiary during the current year. Therefore, it has been consolidated from the date of control. The acquired assets and liabilities are recognized at the carrying value as at the acquisition date, until its fair value to be determined. The cost of acquisition is equivalent to the carrying value of the acquired assets. The following is a statement of the net acquired assets:

	KD
Investment properties	3,912,650
Current account due to owner	(4,231,102)
Net assets acquired:	(318,452)
Add: owner's current account waived to the Parent Company	4,231,102
	3,912,650
Less: settlement against receivable Musharaka	(1,057,737)
Less: settlement against due from related parties	(2,252,865)
Recording of credit balance due to the seller	602,048

The effect of this transaction has been eliminated from the consolidated statement of cash flows as it is non-cash transaction.

24.2 Statement of subsidiaries not wholly owned by the Group (significant) including significant non-controlling interests:

There is no significant non-controlling interest share except in Al-Tatweer Capital Real Estate Company (on subsidiary of Real Capita), minority share is 34.42% in Al-Tatweer Capital Real Estate. The following is summarized financial information of such company:

	2015	2014
Current assets	10,967,776	4,962,771
Non-current assets	20,199,454	28,164,537
Current liabilities	1,481,757	3,842,967
Equity attributable to owners of the Company	19,819,908	19,561,092
Non-controlling interests	9,865,565	9,723,249

	2015	2014
Revenues	702,798	2,404,628
Expenses	(729,323)	(1,338,951)
(loss)/profit attributable to the Shareholders of the Parent Company	(17,396)	682,638
(loss)/profit attributable to non-controlling interests	(9,129)	383,039
(loss)/profit for the year	(26,525)	1,065,677
Other comprehensive income attributable to the Shareholders of the Parent Company	288,476	-
Other comprehensive income attributable to non-controlling interests	151,399	-
Other comprehensive income for the year	439,875	-
Total other comprehensive income attributable to the Shareholders of the Parent Company	271,080	682,638
Total other comprehensive income attributable to non-controlling interests	142,270	383,039
Total other comprehensive income for the year	413,350	1,065,677
Net cash flows (used in)/ generated from operating activities	(1,070,329)	142,178
Net cash flows generated from /(used in) investing activities	429,256	(347,643)
Net decrease in cash and cash equivalents	(641,073)	(205,465)

25. Related parties' transactions

Related parties represent in the Group's shareholders who have representation in the Board of Directors, members of the Board of Directors, senior management, subsidiaries and associates. In the normal course of business and subject to the Group's management approval, there were transactions with related parties during the year except what were disclosed in the other paragraph.

The related parties significant transactions and outstanding balances were as follows:

	2015	2014
Transactions		
Net acquisition/ disposal of investments	6,626,287	12,704,632
Gains on disposal of subsidiary	2,408	-
Net reverse of provisions musharaka and debit balances	1,057,737	2,396,012
Provide other provisions	-	713,273
Written off Musharaka balances	-	4,912,026
Key and Executive Management remunerations	46,446	22,668

	2015	2014
Balances		
Investments in Islamic debt instruments	-	1,057,737
Receivables and other debit balances	358,191	1,747,757
Payables and other credit balances	1,502,216	734,917
Restricted cash against letter of guarantee in favor of related parties	-	563,190

25.1 The Group manages portfolios on behalf of related parties, the net assets of those portfolios amounted to KD 1,848,525 as at 31 December 2015 (KD 3,664,755 as at 31 December 2014) and were recorded off consolidated statement of financial position items.

25.2 The Group has provided a joint security against a Murabaha payable granted to a related party of KD 2,425,473 as at 31 December 2015 (KD 2,457,534 as at 31 December 2014). There are legal disputes with respect to those Murabaha and there was judgment has been issued from a foreign court in favor of the creditor, which has filed a new lawsuit in Kuwaiti courts and has been determined to be on 20 March 2016 for the receipt of expert report.

25.3 Group's investments in associates and financial investments at fair value through profit or loss of KD 1,423,702 and KD 108,684 as at 31 December 2015 respectively (KD 2,175,952 and KD 108,684 as at 31 December 2014) and treasury shares with a cost of KD 1,434,767 (KD 1,434,767 as at 31 December 2014) have been pledged to a subsidiary disposed during the prior years.

25.4 Group's investments in associates and financial investments at fair value through profit or loss of KD 3,010,090 and KD 454,483 as at 31 December 2015 respectively (KD 4,789,476 and 529,614 as at 31 December 2014 was pledged as guarantee against Wakala payables granted to related party with amount of KD 4.8 Million approximately. These Wakala payables are matured and have not been renewed or paid, there is legal dispute between Wakala payables creditors and the related party regarding the amount which should be paid from the principal and during the current year a settlement agreement has been signed with total amount of KD 2.4 Million to settle the total liability and to stop the lawsuits between them, currently the implementation are in process.

All related parties' transactions are subject to the approval of the General Assembly of the shareholders.

26. Board of Directors' proposals

On 3 April 2016, Board of Directors proposed not distribute dividends for the year ended 31 December 2015.

27. Contingent liabilities and contingent assets

Contingent liabilities

27.1 There are legal disputes between the Group and certain portfolio clients in respect of liquidation of those parties' accounts amounting to KD 5.6 Million approximately as at 31 December 2015. There is a legal decision issued from the court of cassation to enforce the Group to pay due amount in one of the case, in addition there is an executive confiscation on certain assets of the Group amounted to KD 5.2 Million approximately as at 31 December 2015 in favor to the portfolio clients. The Group's management is currently negotiating to settle these obligations, though the Group has provided allocations needed to meet those commitments. Taking into consideration the outstanding guarantees, based on the opinion of the Group's legal adviser of a Group's eligibility in the implementation of those guarantees.

27.2 There is a lawsuit of liquidation from one of the investment properties creditors purchases. It was rejected the case in the court of first instance and that the party had appealed against that ruling and the case was referred to the experts. The proceedings were suspended pending till the Parent Company are subject to the law of stability.

Contingent assets

27.3 During the subsequent period, court of Appeal in Abu Dhabi has issued final and binding judicial in favor of the Group and its associates company verdict for an amount of AED 88 million equivalent to KD 7.3 Million approximately. Currently execution of decision is in process.

28. Segment distribution

The Group carries out the majority of its activities two major segments:

- Real estate segment: represents in develop and sell land and properties.
- Investment segment: represents in direct investment and portfolios management and investment funds for third parties.

Analysis of the financial information according to segments for year ended 31 December is as follows:

	Real Estate		Investment		Total	
	2015	2014	2015	2014	2015	2014
Segment income	(679,389)	1,889,255	(605,368)	(4,948,630)	(1,284,757)	(3,059,375)
Segment results	(679,389)	1,889,255	(8,654,414)	(15,429,427)	(9,333,803)	(13,540,172)
Segment assets	7,698,144	29,956,563	29,000,643	40,861,420	36,698,787	70,817,983
Segment liabilities	1,013,856	781,250	8,624,570	38,310,738	9,638,426	39,091,988

	2015	2014
Total segments results	(9,333,803)	(13,540,172)
Other income	8,220,406	(779,988)
Provision and impairment losses	(1,670,987)	2,494,464
Other expenses	(2,095,372)	(1,776,640)
Net loss for the year	(4,879,756)	(13,602,336)
Total segments assets	36,698,787	70,817,983
Cash and cash equivalents	932,456	2,666,863
Receivables and other debit balances	2,173,240	4,933,808
Goodwill	-	175,000
Property and equipment	129,809	238,334
Total assets	39,934,292	78,831,988

Geographical distribution of assets and revenues

	2015			2014		
	Kuwait	Middle East	Total	Kuwait	Middle East	Total
Revenues	10,563,486	-	10,563,486	714,216	989,639	1,703,855
Business results	(4,879,756)	-	(4,879,756)	(14,591,975)	989,639	(13,602,336)
Assets	39,231,490	702,802	39,934,292	58,880,728	19,951,260	78,831,988
Liabilities	9,721,150	-	9,721,150	41,666,674	-	41,666,674

29. Off balance sheet items

The Group manages portfolios on behalf of others and investment funds, and does not present the balances of the portfolios and funds in the consolidated financial statements of the Group. The net assets of these assets managed on behalf of others amounted to KD 8,063,311 as at 31 December 2015 (KD 28,559,455 as at 31 December 2014).