Al Salam Group Holding Company

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

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and its subsidiaries
Kuwait

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Independent auditors' report

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Rödl
Middle East
Burgan - International Accountants
Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq - Dasman Complex - Block 2 - 9 Floor
Tel 22464574-6 /22426862-3 Fax: 22414956
Email: info-kuwait@rodlme.com
www.rodlme.com

HLB Kuwaiti Accountant Auditing
Certfied Public Accountants, Consultants . Business Advisors
Ahmed Al Jaber Street, Al-Matrouk Tower, 2nd Floor,
P.O. Box 26888, Safat 13129, Kuwait.
Fax: 22403205 - Tel.: 22449454
a member of HLB international.
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Independent auditors' report

The Shareholders,
Al Salam Group 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 Al Salam Group Holding Company - K.S.C (Public) - (the Parent Company) 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 income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management of the Parent Company responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 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 Parent Company'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 Parent Company'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 reasonable basis for our audit opinion on the consolidated financial statements.

Rödl
Middle East
Burgan – International Accountants

HLB Kuwaiti Accountant Auditing
Certified Public Accountants, Consultants, Business Advisors

Opinion
In our opinion - the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Al Salam Group Holding Company - K.S.C (Public) and its subsidiaries - as of December 31, 2015 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

Illustrative note
Without qualifying our opinion, we draw attention to note (4) to the consolidated financial statements regarding the judicial dispute with a shareholder in one of the subsidiaries.

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 parent company's 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
Licence No. 30 (A)
Rödl Middle East
Burgan - International Accountants

Adel Al- Sanea
Auditors Registry No. 86 Category (A)
Kuwaiti Accountant Auditing
A member of H.L.B International

March 24, 2016
State of Kuwait

Exhibit - A

Al Salam Group 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			
Cash and cash equivalents		**285,678**	475,557
Term Deposit		**135,000**	135,000
Investments at fair value - statement of income	5	**7,428,545**	7,011,591
Accounts receivable and other debit balances	6	**5,930,252**	2,902,410
Available for sale investments	7	**2,237,767**	4,283,291
Investment in associates	8	**17,240,519**	17,733,800
Finance and Musharka	10	**300,000**	-
Intangible assets	9	**3,846,354**	4,649,170
Property and equipment	11	**1,905,739**	1,395,837
Total assets		**39,309,854**	38,586,656
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	12	**2,328,156**	2,540,958
Provision for end of service indemnity		**117,443**	111,053
Total liabilities		**2,445,599**	2,652,011
Equity			
Share capital	13	**26,964,000**	25,680,000
Share premium	14	**5,904,559**	5,904,559
Statutory reserve	15	**820,507**	820,507
Voluntary reserve	16	**17,978**	17,978
Cumulative changes in fair value		**(47,348)**	(721,147)
Group's share of associate reserves		**850,665**	228,401
Gains on sale of treasury shares		**730,372**	730,372
(Accumulated loss)/retained earrings		**(184,338)**	2,616,896
Equity attributable to shareholders of the Parent Company		**35,056,395**	35,277,566
Non controlling interests		**1,807,860**	657,079
Total equity		**36,864,255**	35,934,645
Total liabilities and equity		**39,309,854**	38,586,656

Meshari Ahmed Al Majed
Chairman

AL SALAM
مجموعة السلام القابضة

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

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

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

	Note	2015	2014
Revenue			
(Losses)/gain on investments	17	**(462,998)**	1,457,571
Group's share of associates' results	8	**(1,096,649)**	306,297
Net contracting income	18	**727,442**	675,841
Provision no longer required		**62,478**	-
Other income		**2,977**	805
General and administrative expenses		**(525,392)**	(407,715)
Net (loss)/profit for the year before calculate Contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax	19	**(1,292,142)**	2,032,799
Contribution to Kuwait Foundation for the Advancement of Science		-	(8,598)
Zakat		-	(17,014)
National Labor Support Tax		-	(42,535)
Net (loss)/profit for the year		**(1,292,142)**	1,964,652
Attributable to:			
Shareholders of the Parent Company		**(1,378,081)**	1,974,553
Non-controlling interests		**85,939**	(9,901)
Net (loss)/profit for the year		**(1,292,142)**	1,964,652
(Losses)/earnings per share/(fils)	20	**(5.11)**	7.32

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

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of comprehensive income for the year ended December 31, 2015
"All amounts are in Kuwaiti Dinar"

	2015	2014
Net (loss)/profit for the year	**(1,292,142)**	1,964,652
Other comprehensive income :		
Cumulative changes in fair value	**(89,106)**	636,205
Transferred to statement of income from sale available for sale investments	-	17,182
Group's share of associate reserves	**622,264**	228,401
Transferred to statement of income from impairment in fair value of available for sale investments	**752,941**	892,375
Transferred to statement of income on acquisition of an associate	-	(931,700)
Total other comprehensive income for the year	**1,286,099**	842,463
Total comprehensive (loss)/income for the year	**(6,043)**	2,807,115
Attributable to:		
Shareholders of the Parent Company	**(82,018)**	2,815,523
Non-controlling interests	**75,975**	(8,408)
Total comprehensive (loss)/income for the year	**(6,043)**	2,807,115

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

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

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

	2015	2014
Cash flows from operating activities		
Net (loss)/profit for the year	**(1,292,142)**	1,964,652
Adjustments		
Provision for end of service indemnity	**20,045**	12,248
Losses/(gains) on investments	**462,998**	(1,457,571)
Losses from sale property and equipment	**7,724**	5,114
Depreciation	**294,044**	275,782
Group's share of associates' results	**1,096,649**	(306,297)
Adjusted profit before calculate the effect of change in working capital items	**589,318**	493,928
Investments at fair value - statement of income	**108,047**	2,141,336
Accounts receivable and other debit balances	**(1,325,943)**	910,771
Accounts payable and other credit balances	**630,011**	(2,057,826)
Cash generated from operations	**1,433**	1,488,209
End of service indemnity paid	**(13,655)**	(10,542)
Net cash (used in)/generated from operating activities	**(12,222)**	1,477,667
Cash flows from investing activities		
Available for sale investments	**266,557**	2,162,302
Proceeds from sale property and equipment	**2,700**	7,000
Property and equipment	**(213,620)**	(117,610)
Cash dividends received	**19,507**	19,507
Investments in associates	**9,312**	-
Acquisition of subsidiary	**-**	(4,086,664)
Net cash generated from/(used in) investing activities	**84,456**	(2,015,465)
Cash flows from financing activities		
Net movement on non-controlling interests	**37,887**	(12,000)
Finance and Musharka	**(300,000)**	-
Net cash used in financing activities	**(262,113)**	(12,000)
Net decrease in cash and cash equivalents	**(189,879)**	(549,798)
Cash and cash equivalents at beginning of the year	**475,557**	1,025,355
Cash and cash equivalents at end of the year	**285,678**	475,557

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

Exhibit - D

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of changes in equity for the year ended December 31, 2015
"All amounts are in Kuwaiti Dinar"

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Group's share of associate reserves	Gains on sale of treasury shares	Retained earnings/ (accumulated loss)	Total equity attributable to shareholders of the Parent Company	Non controlling interests	Total
Balance at January 1, 2014	25,680,000	5,904,559	616,237	17,978	(1,333,716)	-	730,372	846,613	32,462,043	31,297	32,493,340
Dividend from subsidiary	-	-	-	-	-	-	-	-	-	(12,000)	(12,000)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	646,190	646,190
Net profit for the year	-	-	-	-	-	-	-	1,974,553	1,974,553	(9,901)	1,964,652
Other comprehensive income for the year	-	-	-	-	612,569	228,401	-	-	840,970	1,493	842,463
Total comprehensive income for the year	-	-	-	-	612,569	228,401	-	1,974,553	2,815,523	(8,408)	2,807,115
Transferred to statutory reserve	-	-	204,270	-	-	-	-	(204,270)	-	-	-
Balance at December 31, 2014	25,680,000	5,904,559	820,507	17,978	(721,147)	228,401	730,372	2,616,896	35,277,566	657,079	35,934,645
Balance at January 1, 2015	25,680,000	5,904,559	820,507	17,978	(721,147)	228,401	730,372	2,616,896	35,277,566	657,079	35,934,645
Bonus shares issue	1,284,000	-	-	-	-	-	-	(1,284,000)	-	-	-
Net loss for the year	-	-	-	-	-	-	-	(1,378,081)	(1,378,081)	85,939	(1,292,142)
Other comprehensive income for the year	-	-	-	-	673,799	622,264	-	-	1,296,063	(9,964)	1,286,099
Total comprehensive loss for the year	-	-	-	-	673,799	622,264	-	(1,378,081)	(82,018)	75,975	(6,043)
Result from sale of subsidiary	-	-	-	-	-	-	-	(139,153)	(139,153)	-	(139,153)
Changes in non controlling interests equity	-	-	-	-	-	-	-	-	-	1,074,806	1,074,806
Balance at December 31, 2015	**26,964,000**	**5,904,559**	**820,507**	**17,978**	**(47,348)**	**850,665**	**730,372**	**(184,338)**	**35,056,395**	**1,807,860**	**36,864,255**

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

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

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

1- Incorporation and activity

Al Salam Group Holding Company - K.S.C (Public) was incorporated on November 9, 1997.

The Parent Company's main activities are as follows:

- Owning shares in Kuwaiti or Foreign shareholding or limited liability companies, or participating in establishing these companies and managing and lending them and providing guarantees on their behalf to others.
- Lending the companies in which it owns shares and providing guarantees on behalf of those companies to others, providing that the holding Company's ownership percentage in the share capital of the borrowed Company must be at least 20%.
- Owning industrial equity of patents, industrial trademarks, industrial fees or any other rights related to that and franchise them to other companies to utilize them inside Kuwait or abroad.
- Owning the necessary movables and properties to carry out its activity in accordance with the Law.

The Parent Company may have an interest in, or may participate in any form with the institutions that have a similar business or that will assist the Parent Company to achieve its objectives inside or outside Kuwait and it may establish or participate in or acquire these institutions or join them.

The Parent company carries on all its activities in accordance with the rules of the Islamic canon forgiving.

The registered address of the Parent Company is: Al-Qibla - Plot (5) - Building (11) owned by Mousa Abdullwahab Al Naqee - Kuwait.

The Board of Directors approved these consolidated financial statements for the year ended December 31, 2015 for issue on March 24, 2016.

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 consolidated financial statements of the Group.

- **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 consolidated financial statements of the Group.

- **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 consolidated financial statements of the joint arrangement itself. The amendment has no effect on the consolidated financial statements of the Group.

- **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 consolidated financial statements of the Group.

- **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 consolidated financial statements of the Group.

- **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 Group 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 consolidated financial statements of the Group.

2/2) ***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"**
  (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 Group is in the process to quantify the effect on the consolidated 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;
- 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 Group'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 Group's operations are expected not to have a material impact on the Group's consolidated financial statements.

3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

3/1) Basis of presentation

- These consolidated financial statements are 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.
- 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.
- The accounting policies used in preparation of these consolidated financial statements are consistent with those used in preparation of the consolidated financial statements of the previous year.

3/2) Accounting convention

- These consolidated financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the accompanying policies and disclosures.
- The consolidated financial statements are prepared in Kuwaiti Dinar.

3/3) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management best knowledge, the actual results may differ from those estimates.

3/4) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, at banks and short term deposits with a maturity date not exceeding three months from the date of deposit.

3/5) Basis of consolidation the financial statements

The consolidated financial statements include the financial statements of Parent Company and its subsidiaries as of December 31, 2015 (Note - 5).
Subsidiaries are the companies controlled by the group. Control is achieved where the group directly or indirectly has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of subsidiaries acquired (or disposed of during the year) are included in the consolidated financial statements from the date of acquisition (or up to the date of disposal).

The financial statements of subsidiary are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses.
All inter-company balances and transactions, including unrealized profits or losses between the companies, are eliminated when preparing the consolidated financial statements. The consolidated financial statements are prepared using consistent accounting policies and for like transactions and other events in the same circumstances.
The financial statements of subsidiary are prepared at the same date or within three months before the financial year ends of the group, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries financial year date and the group's financial year date.
Non-controlling interests represent the portions of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of income and within equity in the consolidated financial position separately from the equity of the shareholders. Acquisition of subsidiaries are accounted according to the purchasing method as the cost of acquisition represents the fair value of the amounts paid, assets acquired and liabilities that carried to acquire the subsidiary in addition to the direct costs related to the acquisition.
Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill, if the cost acquisition is less then fair value of the net assets of the subsidiary acquired the difference is recognized directly (decreased when acquired) in the consolidated statement of income in the period of acquisition.

3/6) Financial instruments

Classification
The investments classification depends upon the purpose of acquisition the investment. Management determines this classification at initial acquisition of financial instruments and reviews this classification at the preparation of consolidated financial statements. The group classified its financial instruments as follows:

Financial assets at fair value - statement of income
A financial asset is classified in financial asset at fair value if it acquired principally for the purpose of selling in the short term or if the management decides to classify it in the initial recognition.

Financial assets available for sale
These are non-derivative financial assets that are not included in any of the above categories and are principally acquired to be held for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Recognition and de-recognition
Financial instrument is recognized when the group becomes a party to a contracted commitment of a financial instrument. Regular purchase and sale of financial assets are recognized on settlement date - the date on which the group receives or delivers the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership to another party.

Measurement

All investments are initially recognized at fair value plus transaction costs for all investments not carried at fair value - statement of income as its transaction costs are recognized in the consolidated statement of income. Subsequently, financial assets at fair value - statement of income and financial assets available for sale are re-measured at fair value.

Gains and losses arising from changes in the fair value of financial assets at fair value - statement of income are included in the consolidated statement of income in the period in which they arise. Changes in fair value of financial assets available for sale are recognized directly in equity. When available for sale investments are sold or impaired, the accumulated changes in fair value recognized in equity are included in the consolidated statement of income.

Fair value

The fair value of financial instruments in a regular financial market is based on last bid prices.

For the unquoted investments, the group establishes fair value by reference to other instruments that are substantially similar or by using the expected discounted cash flows discounted by the current ratios applied for similar items that have similar risks and circumstances. Available for sale investments, with no available reliable measurement instrument to determine its fair value are carried at cost less impairment.

Impairment in value

The group assesses at each consolidated financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale investments, a significant or prolonged decline in the fair value of these investments below its cost is considered as an indicator that these investments are impaired.

If any evidence for impairment exists for available for sale financial assets, the cumulative losses measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognized in prior years are transferred from equity to the consolidated statement of income.

Impairment losses recognized on equity instruments are not reversed through the consolidated statement of income again.

3/7) **Investment in associates**

An associate is the company over which the group exerts significant influence. Investment in associates is accounted under the equity method.

Under the equity method, the investment in associate is initially recorded at cost and adjusted with changes after acquisition in the group's share of the associate's equity. The goodwill related to acquire an associate is included in the book value of the investment and not amortized.

The group recognizes its share in profits or losses of an associate realized in the consolidated statement of income from the date that the influence started effectively until the date that influences effectively ended .Adjustments on the carrying amount may also be necessary to reflect the changes in the group's share in the associate arising from changes in the associate's equity. The group share as a result of these changes is recognized in the equity.

Unrealized gains from transactions with associates are eliminated to the extent of the group's share in the associate, unrealized losses are eliminated unless the transaction provides evidence of impairment in value of the asset transferred. An assessment for impairment in investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.
The associate's financial statements are prepared at the same date of the group's reporting date or to a date not earlier than three months of the group's reporting date using consistent accounting policies. There were adjustments made to reflect the effects of significant transactions and other events that occurred between the associate financial year end and the group's financial year end.

3/8) 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. 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.

3/9) 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.

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:

Furniture and air conditions	20%
Machines and equipment	10%
Decorations and fixtures	20%
Motor vehicles	15%
Computers	20%

3/10) 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 any objective evidence that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated and an impartment loss recognized in the consolidated statement of income for the difference between the assets recoverable amount is estimated and the carrying amount.

Reversal of impairment losses recognized in prior years is recorded as revenue, when there is an indication that the impairment losses, recognized for the asset no longer exist or has decreased.

3/11) Islamic debt instruments

The Islamic debt instruments are initially recognized at value which received from the contracts less transactions costs incurred. Islamic debt instruments are subsequently re-measured at amortized cost and the difference between net proceeds and the payable amount are recognized in the consolidated statement of income using effective cost method over the finance period.

3/12) Treasury shares

The treasury shares represents the shares of the Group purchased and were issue and then re-buy them later by the Group and has not been reissued or canceled. Treasury shares are accounted under cost method.

Under the cost method, the weighted average cost of the treasury shares is charged to an account in equity. When the treasury shares are sold, gains are credited in a separate account in equity (Gain on sale of treasury shares) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then voluntary reserve then statutory reserve. 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 account respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares with the same percentage and reduces the average cost per share without affecting the total cost of treasury shares.

3/13) Finance charges

Interest on Islamic debt instruments is calculated on the accrual basis and is recognized in the consolidated statement of income in the period in which it is incurred.

3/14) 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.

3/15) Revenue recognition

- Revenue from Finance and Musharka is recognized, based on periodic distribution to achieve consistent return on outstanding balances of these transactions.
- Dividends income is recognized when the group's right to receive it is established.
- Gains on sale of investments are recognized by the difference between the cash sale proceeds and the net book value of the investment sold.
- Revenue is recognized from operations when the service is delivered and issuing an invoice, however revenue and expenses are recorded based on the accrual basis.
- 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.

3/16) Foreign currencies

The functional currency of the group is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the average rates of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the consolidated statement of income.

3/17) 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 assets are not recognized but disclosed when an inflow of economic benefits is probable.

Al Salam Group Holding Company
K.S.C (Public)
and its subsidiaries
Kuwait

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

4- Investments in subsidiaries

These consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries:

	Shareholding percentage %		Country of incorporation	Activity
	2015	2014		
Al Dosr International for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting
Atlantic Group for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting

Al Dosr International for General Trading and Contracting Company (W.L.L) owing subsidiaries and their details are as follows:

	Shareholding percentage %		Country of incorporation	Activity
	2015	2014		
Beet Al Amal Holding Company K.S.C (Holding) Previously: Asal Holding Company K.S.C (Holding)	**69.2%**	99.2%	Kuwait	Holding
Reflection Group for General Trading and Contracting Company (W.L.L)	**99%**	99%	Kuwait	General Trading and Contracting
Dar Al salam for Takaful Insurance K.S.C (Closed) Previously: Takaful International for Takaful Insurance K.S.C (Closed)	**87.53%**	87.53%	Kuwait	Takaful Insurance

- During the year, the Group has sold 30 % of its share which is 99.2 % of Beet Al Amal Holding Company K.S.C (Holding) therefore its share at the date of the financial statements was 69.2 % of an amount of KD 1,701.899. The sale transaction has resulted in a loss amounted to KD 139,153 which has been directly reflected in the note of equity changes.
- There is an outstanding judicial dispute with one of the shareholders of Dar Al Salam for Takful Insurance K.S.C (Closed) (previously: Takful International for Takful Insurance) claiming the nullity of the AGM and EGM of the company for the financial year ended December 31, 2013, and a first degree judgment has been issued ensuring the legitimacy and legality of the AGM and EGM, but that judgment was canceled by the Court of Appeal which ensured the nullity of both AGM and EGM, meanwhile the Company's subsidiary Al Dosr International for General Trading and Contracting Company (W.L.L) has objected on that (Objection out of litigation) before the Court of appeal , but no decision has been taken with respect to such objection till date. The defendant company Dar Al Salam for Takful Insurance K.S.C (Closed) (previously: Takful International for Takful Insurance) has filed a case before the Court of Cassation as an objection on the judgment of nullity of AGM and EGM , but no decision has been taken with respect to such objection till date. The Company's legal Consultant believes that the ruling has not been enforced or executed due to the existence of other degree of litigation, and also the financial impact on the financial statements of the company in case the judgment is affirmed in future can't be determined.
- The financial statements of subsidiaries have been consolidated based on the audited financial statements as of December 31, 2015 except Dar Al Salam for Takful Insurance K.S.C (Closed) (previously: Takful International for Takful Insurance) the financial statements of which have been consolidated based on financial statements prepared by the management.

5- Investments at fair value - statement of income

	2015	2014
Investments in local shares - quoted	**170,529**	149,325
Investments in local shares - unquoted	**7,258,016**	6,862,266
	7,428,545	7,011,591

- The investments have been evaluated in accordance with valuation technique methods in note (3/6).
- Investments in unquoted shares are valuated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

6- Accounts receivable and other debit balances

	2015	2014
Advance payments for purchasing investments *	**2,031,067**	329,168
provision for doubtful debts	**(150,000)**	-
	1,881,067	329,168
Due from related parties (Note - 21)	**1,312,743**	657,524
Net trade receivables	**910,239**	782,128
Banks guranttee	**1,179,359**	885,022
Free profit loan to policyholders	**302,325**	-
Prepaid expenses	**293,834**	190,281
Staff receivables	**40,968**	47,158
Refundable depoists	**9,689**	9,689
Other	**28**	1,440
	5,930,252	2,902,410

* This item represents an amount of KD 329,168 as advance payments for the purchase of investments, the ownership of such investments hasn't been transferred till the date of the financial position, therefore, during the current year, the management of the Group has made a provision of an amount of KD 150,000 to cover the possible non-collection in the near future. There are also advance payments of an amount of 1,701,899 for the purchase of shares in companies for the benefit of the Group, the required procedures to transfer the ownership of such investments to the group are being taken, consequently, this amount has been classified as advance payments for the purchase of investments till the required legal actions are taken.

As on December 31, the trade receivables aging were as follows:

2015

During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
210,674	**446,247**	**80,740**	**10,440**	**162,138**	**910,239**

2014					
During 30 days	30-60 days	60-90 days	90-120 days	>120 days	Total
366,198	205,364	71,134	60,059	79,373	782,128

The carrying value of accounts receivable and other debit balances approximates its fair value. The maximum exposure to credit risks at the reporting date is the fair value of each class of other debit balances mentioned above.

7- Available for sale investments

	2015	2014
Investments in local shares - quoted	**867,844**	1,433,040
Investments in local shares - unquoted	**1,369,923**	2,850,251
	2,237,767	4,283,291

Investments in unquoted shares are evaluated in accordance with the estimated operations based on the available information on the financial position, results of operations of the investee companies, the expected future profits of these companies and by taking in consideration recent transactions on the shares with other parties in investee companies or similar companies.

8- Investments in associates

The details of these investments are as follow:

	Shareholding percentage %			
Company name	**2015**	2014	**2015**	2014
India Holding Company K.S.C (Holding)	**33.98%**	**33.98%**	**8,426,761**	8,434,765
Gulf Petroleum Investment Co. K.S.C (Public)	**20.03%**	**20.09%**	**8,813,758**	9,299,035
			17,240,519	17,733,800

- The Group's share of associate results India Holding Company K.S.C (Holding) has been recognized loss with amount KD 8,004 based on the audited financial statements as of December 31, 2015.
- Investment in associate - India Holding Company K.S.C (Holding) - includes goodwill with amount of KD 1,455,038.
- The Group's share of associate results Gulf Petroleum Investment Co K.S.C (Public) with amount of KD 1,088,645 has been recognized based on the unaudited interim financial information as of September 30, 2015.

The movements of investments in associate are as follows:

	2015	2014
Balance at beginning	**17,733,800**	8,894,726
Transferred to subsidiaries	**-**	(407,100)
Transfer from available for sale investments	**-**	7,194,171
Disposals	**(18,896)**	-
Gain on bargain purchase	**-**	1,517,305
Group share of associate reserves	**622,264**	228,401
Group share of results of associates	**(1,096,649)**	306,297
	17,240,519	17,733,800

The below mentioned is brief information about the associates. The brief financial information below mentioned represents the amounts shown in the most recent financial statements of the Group which have been prepared in accordance with the International Financial Reporting Standards.

India Holding Company K.S.C (Holding):

	2015	2014
Assets	**20,894,066**	21,231,041
Liabilities	**347,529**	691,603
Non controlling interests	**31,063**	-
Total losses	**(19,442)**	(148,664)
Loss for the year	**(23,964)**	(154,594)
Other comprehensive income for the year	**-**	-

The below mentioned is a settlement of the brief information mentioned above up to the book value of the Group's share in the company which is stated in the consolidated financial statements.

	2015	2014
Net assets of the associate	**20,515,474**	20,539,438
Group's ownership ratio (%)	**33.98**	33.98
Book value of the company	**6,971,723**	6,979,727

Gulf Petroleum Investment Co. K.S.C (Public)

	Financial information for the period ended September 30, 2015	Financial information for the period ended September 30, 2014
Assets	**73,157,387**	63,167,183
Liabilities	**28,665,379**	16,491,650
Non controlling interests	**498,192**	377,423
Total (losses)/profits	**(96,953)**	5,081,192
Loss for the year	**(5,406,156)**	3,800,193
Other comprehensive income for the year	**2,243,080**	1,082,389

The below mentioned is a settlement of the brief information mentioned above up to the book value of the Group's share in the company which is stated in the consolidated financial statements.

	2015	2014
Net assets of the associate	**43,993,816**	46,298,110
Group's ownership ratio (%)	**20.03**	20.09
Book value of the company	**8,813,758**	9,299,035

9- Intangible assets

This item represents the value of goodwill amounting to KD 1,851,828 resulted from acquisition of Beet Al Amal Holding Company K.S.C (Holding) (Previously: Asal Holding Company K.S.C (Holding)) though a subsidiary and goodwill amounting to KD 1,994,526 resulted from acquisition during the year of Atlantic Group for General Trading and Contracting Company (W.L.L).

	2015	2014
Balance at the beginning of the year	**4,649,170**	4,649,170
Share disposal of subsidiary	**(802,816)**	-
Balance at the end of the year	**3,846,354**	4,649,170

The management make annually test if there are any indications that impairment in the goodwill may have arisen. And the parent company's management believes that there are no indications for impairment in value of goodwill during the year.

10- Finance and Musharka

The balance amounted KD 300,000 in the financing contract and sharing in the earnings, has been signed with one of the related parties, that worth in April 26, 2016 as renewable contract with profit percentage 7%.

11- Property and equipment

	Furniture and Air condition	Machinery and Equipment	Decorations and fixtures	Vehicles	Computers	Total
Cost						
Balance at January 1, 2015	170,031	1,485,284	5,500	922,411	9,811	2,593,037
Addations	12,864	182,323	-	518,114	105,069	818,370
Disposals	-	(26,438)	-	(16,469)	-	(42,907)
Balance at December 31, 2015	182,895	1,641,169	5,500	1,424,056	114,880	3,368,500
Accumulated depreciation						
Balance at January 1, 2015	161,403	463,811	5,499	562,806	3,681	1,197,200
Charged for the year	4,853	152,915	-	132,367	3,909	294,044
Disposals	-	(13,330)	-	(15,153)	-	(28,483)
Balance at December 31, 2015	166,256	603,396	5,499	680,020	7,590	1,462,761
Net book value						
At December 31, 2015	**16,639**	**1,037,773**	**1**	**744,036**	**107,290**	**1,905,739**
At December 31, 2014	8,628	1,021,473	1	359,605	6,130	1,395,837

- The additions for property and equipment item include an amount of KD 604,750 was acquired in accordance with term selling contracts, the effect of this transaction has been eliminated from the consolidated statement of cash flows as it was a non-cash transaction.

12- Accounts payable and other credit balances

	2015	2014
Due to related parties (Note -21)	**272,221**	177,773
Payables for purchasing property and equipment	**965,139**	557,384
Payables insurance subscribers	**-**	781,366
Accrued expanses	**214,494**	170,632
Trade payables	**137,058**	82,769
Payables for purchasing financial investments	**204,822**	211,281
Staff-leave provision	**39,888**	64,765
Taxable deductions	**369,124**	371,105
Dividends payables	**118,784**	121,670
Other	**6,626**	2,213
	2,328,156	2,540,958

13- Share capital

- The Extraordinary General Assembly of the Company held on April 2, 2015 and approved increase the Company's share capital from KD 25,680,000 (Twenty five million six hundred and eighty thousand Kuwaiti Dinar) to KD 26,964,000 (Twenty six million nine hundred and sixty four thousand Kuwaiti Dinar) divided into 269,640,000 share value of each share Kuwaiti fils 100 and all shares in-cash, through the distribution of free bonus shares (number 12,840,000) it has been registered in the commercial register on April 6, 2015.

- And it has identified the capital of the company amounting to KD 26,964,000 (Twenty six million nine hundred and sixty four thousand Kuwaiti Dinar) distributed to 269,640,000 share (two hundred and sixty nine million and six hundred forty thousand share) value of each share of 100 Kuwaiti fils and all shares in cash.

14- Share premium

The share premium is not available for distribution to shareholders, but can be used if the local laws don't state otherwise.

15- Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles and Memorandum of Association, 10% of net profit for the year before contribution to Kuwait Foundation for the Advancement of Science, Zakat and Board of Directors remuneration is transferred to the statutory reserve. The General Assembly may discontinue such annual transfer if the reserve excesses half of the share capital. Distribution of the reserve is limited to the amount required to secure distribution of dividends reached 5 % in years when retained earnings of the group are not sufficient that amount. There have been no amounts transferred to statutory reserve due to existence of losses.

16- Voluntary reserve

As required by the Parent Company's Articles and Memorandum of Association a percentage of the net profit for the year is transferred to the voluntary reserve proposed by the Board of Directors and approved by the General Assembly. Such transfer may discontinue by a resolution of the Ordinary General Assembly of the Shareholders based on a recommendation from the Board of Directors.

17- (Losses)/gain on investments

	2015	2014
Gain on sale of investments	530,096	14,236
Transferred to statement of income on acquisition of an associate	-	931,700
Gain on bargain purchase	-	1,517,305
Impairment losses from available for sale investment	(1,059,695)	(892,375)
Change in value of investments at fair value - statement of income	47,094	(132,802)
Cash dividends	19,507	19,507
	(462,998)	1,457,571

18- Net contracting income

	2015	2014
Revenue of contract	4,660,833	4,408,837
Cost of activity	(3,933,391)	(3,732,996)
	727,442	675,841

19- General and administrative expenses

	2015	2014
Staff costs	167,089	202,652
Provision for doubtful debts	150,000	62,478
Rent	24,333	23,900
Subscriptions and fees	6,741	19,222
Professional fees	45,507	12,313
Promotions and advertising	17,916	15,948
Traveling and transportations	8,557	8,222
Other	105,249	62,980
	525,392	407,715

20- (Losses)/earnings per share/(fils)

(Losses)/earnings per share are computed by dividing the net (loss)/profit for the year by the weighted average of ordinary shares outstanding during the year as follows:

	2015	2014
Net (loss)/profit for the year	(1,378,081)	1,974,553
Weighted average of outstanding shares during the year/(share)	26,964,000	26,964,000
(Losses)/Earnings per share/(fils)	(5.11)	7.32

21- Transactions with related parties

Related parties comprise of the associates, major shareholders, Board of Directors, key management personnel of the group, companies which they control or jointly controlled or significantly influence. The group's management determines the pricing policies and terms of these transactions. The balances and amounts due from/to related parties are interest free and have no specific maturity date.

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

Consolidated statement of financial position:	**2015**	2014
Due from related parties (Note - 6)	**1,312,743**	657,524
Due to related parties (Note – 12)	**272,221**	177,773

Consolidated statement of comprehensive income:
Statement of comprehensive income does not include any transactions with related parties during the year.

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

22- Contingent liabilities

As of December 31, 2015, the Group had contingent liabilities consists of letters of guarantee amounted to KD 559,592 (December 31, 2014: KD 1,953,221).

23- Shareholders' General Assembly

On April 2, 2015, the annual and extraordinary 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 distribute bonus share with percentage 5% 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.

24- Proposed dividends

On March 24, 2016 Board of Director's proposed not to distribute dividends or bonus shares for the members of the Board of Directors for the year ended December 31, 2015.

The proposal is subject to approval of Shareholders' General Assembly.

25- Segment distribution

The Group practices its main activities through two segments:

- Investment segment: The investments are represted in investment portfolios managed by others.
- General trade and contracting segment: is to provide services for others.

And the following is an analysis of information by segment results for the year ended December 31:

	2015			2014		
	Investment	**General trade and contracting**	**Total**	Investment	General trade and contracting	Total
Segment revenues	**(1,559,647)**	**4,660,833**	**3,101,186**	1,763,868	4,408,837	6,172,705
Segment results	**(1,559,647)**	**727,442**	**(832,205)**	1,763,868	675,841	2,439,709
Segment assets	**26,906,831**	**5,883,168**	**32,789,999**	29,028,682	4,649,162	33,677,844
Segment liabilities	**323,606**	**965,139**	**1,288,745**	332,951	557,384	890,335

	2015	2014
Total segment results	**(832,205)**	2,439,709
Other income	**2,977**	805
Provision no longer required	**62,478**	-
Other expenses	**(525,392)**	(475,862)
Net profit for the year	**(1,292,142)**	1,964,652
Total segment assets	**32,789,999**	33,677,844
Cash and cash equivalents	**147,004**	82,850
Term deposits	**135,000**	135,000
Account receivables and other debit balances	**2,026,143**	29,087
Finance and Musharka	**300,000**	-
Intangible assets	**3,846,354**	4,649,170
Property and equipment	**65,354**	12,705
Total assets	**39,309,854**	38,586,656

The group practices in geographic market are local market in the state of Kuwait.

26- Financial instruments and risks management

A) 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's financial assets and liabilities have been classified in the consolidated statement of financial position are as follows:

Financial assets	**2015**	2014
Cash and cash equivalents	**285,678**	475,557
Term deposit	**135,000**	135,000
Investments at fair value - statement of income	**7,428,545**	7,011,591
Accounts receivable and other debit balances	**5,930,252**	2,902,410
Available for sale investments	**2,237,767**	4,283,291
	16,017,242	14,807,849

Financial liabilities	**2015**	2014
Accounts payable and other credit balances	**2,328,156**	2,540,958

Fair value of financial instruments

Fair value of financial instruments is defined as the amounts at which the asset could be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction other than in forced or liquidation sale. The group used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid market is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from identifiable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Fair value measurement recognized in the consolidated statement of financial position

The group adopted the amendments to IFRS 7 effective from January 1, 2013. These amendments require the group to present certain information about financial instruments measured at fair value in the consolidated statement of financial position

The following table presents financial assets and financial liabilities measured at fair value in the statement of consolidated financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.
The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.
The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

December 31, 2015	**Level 1**	**Level 3**	**Total**
Assets:			
Investments at fair value - statement of income			
Quoted securities	**170,529**	**-**	**170,529**
Unquoted securities	**-**	**7,258,016**	**7,258,016**
Available for sale investment			
Quoted securities	**867,844**	**-**	**867,844**
Unquoted securities	**-**	**1,369,923**	**1,369,923**
	1,038,373	**8,627,939**	**9,666,312**
Liabilities:	**-**	**-**	**-**
Net fair value	**1,038,373**	**8,627,939**	**9,666,312**

The fair value of other financial assets and liabilities approximate its carrying amount as of the financial statements date.
The fair value of these other financial assets and liabilities has been determined according to the third level based on the management's estimations of expected cash flows.

December 31, 2014	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of income			
Quoted securities	149,325	-	149,325
Unquoted securities	-	6,862,266	6,862,266
Available for sale investment			
Quoted securities	1,433,040	-	1,433,040
Unquoted securities	-	2,850,751	2,850,751
	1,582,365	9,713,017	11,295,382
Liabilities:	-	-	-
Net fair value	1,582,365	9,713,017	11,295,382

B) Financial risks management

The group's use of financial instruments exposes it to a variety of financial risks such as credit risks, liquidity risks, and market risks.

The group continuously reviews its risks exposures and takes the necessary procedures to limit these risks to acceptable level.

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur financial loss. Financial assets which potentially are subject the group to credit risk are mainly represented in cash and cash equivalents and accounts receivable and other debit balances. The group's cash and cash equivalents are placed with high credit rating financial institutions and also receivables are stated by net after deducting provision for doubtful debts (If any).

- **Liquidity risks**

Liquidity risks are the risks 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 financial instruments 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 and the liability settled.

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

	During one year	**More than one year**	**Total**
Accounts payable and other credit balances	**2,328,156**	**-**	**2,328,156**
Provision for end of service indemnity	**-**	**117,443**	**117,443**
	2,328,156	**117,443**	**2,445,599**

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

	During one year	More than one year	Total
Accounts payable and other credit balances	2,540,958	-	2,540,958
Provision for end of service indemnity	-	111,053	111,053
	2,540,958	111,053	2,652,011

- **Market risks**

Market risks comprises of interest rate risks , foreign currencies risks and equity price risks. These risks arise due to the changes in market prices, interest rates and exchange rates.

Foreign currencies risks

Foreign currencies 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.

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 in interest rates in the market.
As the group has no significant bearing interest assets therefore group's the income and its operating cash flows are not affected by changes in market rates.

Equity price risks

Equity price risks are the risks that the fair value of equities fluctuates as the result of changes in the levels of equity indices and the value of individual stocks. These risks resulted from changes in the fair value of the investments in stocks.
The group is exposed to equity price risks as the group held investments which were classified at the consolidated financial position date as investments at fair value - statement of income and available for sale investments.
The effect on profit and equity as result of change in fair value of investments at fair value - statement of income and available for sale investments as of December 31, 2015 as a result of expected changes in Kuwait Stock Exchange Market by (±10%) and with all other variables held constant as follows:

	Effect on profit		Effect on equity	
	2015	2014	**2015**	2014
Kuwait Stock Exchange Market	**17,053**	14,932	**86,784**	143,304

The group manages these risks through diversifying its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

27- Capital risks management

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 Stakeholders through the optimization of the debt and equity balance.