Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait
Consolidated financial statements
for the financial year ended December 31, 2016
with
Independent auditors' report

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Kuwait

Consolidated financial statements
for the year ended December 31, 2016
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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
Certified Public Accountants, Consultants . Businises Adivisors
Ahmed Al Jaber Street, P.O.Box 26698, 17 A Warba Insurance Complex, 13126 Safat, Kuwait - Fax: 22403205 - Tel.: 22449454
Kuwait Accountant Auditing is a member of HLB international, World wide organisation of accounting and business advisors
Email: kwtacctaudit@hotmail.com - www.hlbkuwait.com

Independent auditors' report

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

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Salam Group Holding Company - K.S.C. - (Public) –"the Parent Company" - and its subsidiary (together referred to as "the Group") which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Salam Group Holding Company - K.S.C. - (Public) as at December 31, 2016, and its financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have identified the following key audit matter:

Impairment of goodwill

As disclosed in note 9 of the consolidated financial statements, the Group has goodwill of KD 3,846,354 (2015: KD 3,846,354) which is distributed to cash generating units (CGUs). Goodwill is required to be tested for impairment annually. Due to the significance of goodwill to the Group's consolidated statement of financial position, and due to the judgment involved in the assessment of the value-inuse method of the Group's CGUs performed by the Group management we considered goodwill to be a key audit matter. The Group's policy on assessing impairment of these items is given in note (3/8) of the consolidated financial statements.

As part of our audit procedures, among other procedures, we evaluated and tested the Group management's control process over impairment assessment. We obtained Group management's impairment calculations and tested the reasonableness of key assumptions including the cash flow projections. Future cash flow assumptions were also assessed through comparison of current performance with management forecasts. Additionally, we also assessed the adequacy of the Group's disclosures included in the consolidated financial statements about the management judgment and the available indicators of impairment in value of goodwill.

Other information mentioned on the Board of Directors Report
Other information consists of the information included in the Parent Company's Board of Directors Report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and when it becomes available and , in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted for use by 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 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, 2016 that might have had a material effect on the parent Company's business or its consolidated financial position.



Abdul Hussain M. Al- Rasheed
License No. 67 (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

February 23, 2017
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, 2016
"All amounts are in Kuwaiti Dinar"

	Note	2016	2015
Assets			
Cash and cash equivalents		**67,720**	285,678
Term Deposit		**135,000**	135,000
Investments at fair value - statement of profit or loss	5	**7,450,916**	7,428,545
Accounts receivable and other debit balances	6	**5,997,713**	5,930,252
Available for sale investments	7	**7,466,128**	2,237,767
Investment in associates	8	**16,316,140**	17,240,519
Finance and Musharka		**-**	300,000
Intangible assets	9	**3,846,354**	3,846,354
Property and equipments	10	**2,415,623**	1,905,739
Total assets		**43,695,594**	39,309,854
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	11	**3,105,477**	2,328,156
Provision for end of service indemnity		**124,192**	117,443
Total liabilities		**3,229,669**	2,445,599
Equity			
Share capital	12	**26,964,000**	26,964,000
Share premium	13	**5,904,559**	5,904,559
Statutory reserve	14	**833,543**	820,507
Voluntary reserve	15	**17,978**	17,978
Cumulative changes in fair value		**121,814**	(47,348)
Group's share of associate reserves		**561,555**	850,665
Gains on sale of treasury shares		**730,372**	730,372
Accumulated losses		**(594,054)**	(184,338)
Equity attributable to shareholders of the "Parent Company"		**34,539,767**	35,056,395
Non- controlling interests		**5,926,158**	1,807,860
Total equity		**40,465,925**	36,864,255
Total liabilities and equity		**43,695,594**	39,309,854

Falah Fahad Al Hajri
Vice chairman

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 profit or loss for the year ended December 31, 2016
"All amounts are in Kuwaiti Dinar"

	Note	2016	2015
Revenue			
Gains/(losses)/ of investments	16	**41,264**	(462,998)
Group's share of associates' results	8	**76,110**	(1,096,649)
Net contracts income	17	**1,075,279**	1,201,159
Provisions no longer required		**-**	62,478
Other income		**9,504**	2,977
General and administrative expenses	18	**(686,885)**	(999,109)
Net profit/(loss) for the year		**515,272**	(1,292,142)
Attributable to:			
Shareholders of the "Parent Company"		**314,699**	(1,378,081)
Non-controlling interests		**200,573**	85,939
Net profit/(loss) for the year		**515,272**	(1,292,142)
Earnings/(losses) per share/(fils)	19	**1.17**	(5.11)

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

Exhibit - C

Al Salam Group Holding Company

K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016

"All amounts are in Kuwaiti Dinar"

	2016	2015
Net profit/(loss) for the year	**515,272**	(1,292,142)
Other comprehensive income :		
Cumulative changes in fair value	**170,585**	(89,106)
Group's share of associate reserves	**(289,110)**	622,264
Transferred to statement of profit or loss from impairment in fair value of available for sale investments	**-**	752,941
Total other comprehensive (loss)/income for the year	**(118,525)**	1,286,099
Total comprehensive income/(loss) for the year	**396,747**	(6,043)
Attributable to:		
Shareholders of the "Parent Company"	**194,751**	(82,018)
Non-controlling interests	**201,996**	75,975
Total comprehensive income/(loss) for the year	**396,747**	(6,043)

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, 2016
"All amounts are in Kuwaiti Dinar"

	2016	2015
Cash flows from operating activities		
Net profit/(loss) for the year	**515,272**	(1,292,142)
Adjustments		
Provision for end of service indemnity	**15,912**	20,045
(Gains)/losses of investments	**(41,264)**	462,998
(Gains)/losses from sale of property and equipments	**(8,683)**	7,724
Depreciation	**328,115**	294,044
Group's share of associates' results	**(76,110)**	1,096,649
Adjusted profit before calculating the effect of change in working capital items	**733,242**	589,318
Investments at fair value - statement of profit or loss	**18,893**	108,047
Accounts receivable and other debit balances	**(1,769,360)**	(1,325,943)
Accounts payable and other credit balances	**403,136**	630,011
Cash (used in)/generated from operating activities	**(614,089)**	1,433
End of service indemnity paid	**(9,163)**	(13,655)
Net cash used in operating activities	**(623,252)**	(12,222)
Cash flows from investing activities		
Available for sale investments	**(4,688,402)**	266,557
Proceeds from sale of available for sale investments	**1,342,868**	-
Proceeds from sale of property and equipments	**22,350**	2,700
Property and equipments	**(477,481)**	(213,620)
Cash dividends received	**-**	19,507
Investments in associates	**-**	9,312
Net cash (used in)/generated from investing activities	**(3,800,665)**	84,456
Cash flows from financing activities		
Net movement on non-controlling interests	**3,905,959**	37,887
Finance and Musharka	**300,000**	(300,000)
Net cash generated from/(used in) financing activities	**4,205,959**	(262,113)
Net decrease in cash and cash equivalents	**(217,958)**	(189,879)
Cash and cash equivalents at beginning of the year	**285,678**	475,557
Cash and cash equivalents at end of the year	**67,720**	285,678

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, 2016
"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 sharyia 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 financial year ended December 31, 2016 for issue on February 23, 2017.

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 effective amendments to IFRSs issued by the International Accounting Standards Board (IASB) are mandatorily for the accounting period beginning on or after January 1, 2016 as follows:

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception**
  (Effective for annual periods beginning on or after January 1, 2016)
  The amendments 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.

- **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 amortization 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 consolidated financial statements:
  - At cost; or
  - In accordance with IFRS 9; or
  - Using the equity method

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

*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 mandatorily effective:

- **Amendments to IFRS 2 "Classification and Measurement of Share-based payment Transactions"**
  (Effective for annual periods beginning on or after January 1, 2018).

- **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 July 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, 2018 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.

- **IFRS 16 "leases"**
  (Effective for annual periods beginning on or after January 1, 2019).
  IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment in the consolidated financial statements of both leasees and lessors.

- **Amendments to IAS 7 "Disclosure Initiative"**
  (Effective for annual periods beginning on or after January 1, 2017)
  The amendments require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
  The amendments do not prescribe a specific format to disclose financing activities; however, an entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The management anticipates that the new or revised 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 and revised 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 consolidated financial statements

- 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.
- 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 of the financial statements

The consolidated financial statements include the financial statements of Al Salam Group Holding Company - K.S.C (Public) ("the Parent Company") and its subsidiary (together referred to as "the Group") disclosed under note 4.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee,
- Ability to use its power to affect the investee returns.

When the "Parent Company" does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the "Parent Company" and other vote holders;
- Rights arising from other contractual arrangements;
- The "Parent Company's" voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively end.

The financial statements of the subsidiaries 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 arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the "Parent Company", 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 "Parent Company's" financial year date.

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non–controlling interests consist of the interest at the date of the original business combination and the non–controlling interest share of changes in equity since the date of the combination. Profits and losses within subsidiary attributed to the non–controlling interests in the ratio of their respective shareholdings even if that resulted in deficit balance.

When ownership of subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non–controlling interests.
- Recognize the profit or loss resulting from the loss of control in the statement of profit or loss.

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 profit or loss
A financial asset is classified in financial assets 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 profit or loss as its transaction costs are recognized in the consolidated statement of profit or loss. Subsequently, financial assets at fair value - consolidated statement of profit or loss 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 profit or loss are included in the consolidated statement of profit or loss 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 profit or loss.

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

3/7) Investment in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The group's investment in associates is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the group's share of the results of operations of associate.

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 the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the parent company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

Dividends distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate arising from changes in the associate's equity. Changes in the group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment 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 either to the "parent company's" reporting date or to a date not earlier than three months of the parent company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the "parent company's" reporting date.

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

3/8) Intangible assets and goodwill

The non-cash assets which are acquired for the activity purposes and which have expected future benefits are considered as intangible assets. The intangible assets with indefinite useful life are not amortized and evaluated yearly for impairment identification ,if any.

Intangible assets are amortized on a straight-line base over their expected productive age.
Goodwill represents the difference between cost of the acquisition and the fair value of the Group's share of the net assets acquired in a business combination or associates as of the date of acquisition. Goodwill arising from the acquisition of subsidiaries is included in intangible assets while goodwill arising from the acquisition of associates is included in investments in associates.

Goodwill is distributed on each belonging cash generating units for the purpose of good will impairment evaluation. Goodwill is tested at least annually to identify good will impairment if any the goodwill appears at cost less accumulated impairment losses at accumulated value. Profits or losses of the sale of the subsidiary or a part of it include the book value for the goodwill related to the sold subsidiary or the sold part of it.

For the purpose of determining impairment at value, assets are consolidated to the lowest level at which cash flows to the group of assets can be determined independently. If there is an indication that the carrying value of intangible assets is greater than its recoverable amount, assets are impaired to their recoverable amount and the impairment loss at value is recognized in the consolidated statement of profit or loss and other comprehensive income. The impairment loss for goodwill is not reversed again in the following periods.

3/9) Property and equipments

Property and equipments 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 equipments 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 retroactively.

Gains or losses of disposal of property and equipments in the statement of profit or loss by the difference between the net realizable value and net book value at the date of selling and the income or loss categorized on the consolidated statement of profit or loss.

Property and equipments are depreciated on straight line over their estimated useful live which estimated as follow:

Furniture and air conditions	20%
Machines and equipments	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 profit or loss 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 profit or loss using effective revenue 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 profit or loss 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) Taxation

National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the group attributable to the shareholders of the parent company. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the group attributable to the shareholders of the parent company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat
Contribution to Zakat is calculated at 1% of the profit of the group attributable to the shareholders of the parent company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

3/16) 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.

3/17) 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 profit or loss.

3/18) 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.

3/19) Significant management judgements and estimation uncertainty.

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future.

Significant management judgments

In the process of applying the group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial instruments
Judgements are made in the classification of financial instruments based on management's intention at purchasing.

The group classifies financial assets as held for trading if they are acquired primarily for the purpose of short term profit making.

Classification of financial assets as at fair value through profit or loss depends on how management monitors the performance of these financial assets. When they are not classified as held for trading but have readily available fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as designated at fair value through profit or loss.

Classification of assets as loans and receivables depends on the nature of the asset. If the group is unable to trade these financial assets due to inactive market and the intention is to receive fixed or determinable payments the financial asset is classified as loans and receivables.

All other financial assets are classified as available for sale investments.

Fair values of assets and liabilities acquired
The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgments.
Control assessment
When determining control, management considers whether the group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgments.

Estimates uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different than those estimates significant.

Impairment of assets with definite lives
At the financial position date, the group's management assesses, whether there is any indication that assets with definite lives may be impaired. The recoverable amount of an asset is determined based on the "value in use" method. This method uses estimated cash flow projections over the estimated useful life of the asset.

Impairment of associates
After application of the equity method, the "group" determines whether it is necessary to recognize any impairment loss on the "group's" investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the "group" calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

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

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

Classification of real estate property
Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The "group" classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The "group" classifies property as property under development if it is acquired with the intention of development.

The "group" classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

Business combinations
Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Fair value of financial instruments
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Significant influence
Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the "Group".

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
	2016	2015		
Al Dosr International for General Trading and Contracting Company (W.L.L) and "its subsidiaries"	**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

- The financial statements of subsidiaries have been consolidated based on the audited financial statements as of December 31, 2016.
- During the current financial year, the subsidiary (Dar Al-Salam for Takaful Insurance K.S.C (Closed)) which it's a subsidiary of one of the "Groups" subsidiaries increased the share capital and the Group subscribed on the share capital increase with amount of 25.58% from its share only and its share decreased respectively to become 56.55% instead of 87.53%.

5- Investments at fair value - statement of profit or loss

	2016	2015
Investments in local shares - quoted	**192,987**	170,527
Investments in local shares - unquoted	**7,257,929**	7,258,018
	7,450,916	7,428,545

-The investments have been evaluated in accordance with valuation technique methods mentioned in note (3/6).

6- Accounts receivable and other debit balances

	2016	2015
Advance payments for purchasing investments *	**329,168**	2,031,067
provision for doubtful debts	**(150,000)**	(150,000)
	179,168	1,881,067
Due from related parties (Note - 20)	**1,924,711**	1,312,743
Net receivables	**1,705,362**	910,239
Banks guranttee	**1,230,455**	1,179,359
Free profit loan to subscribers authorty	**403,095**	302,325
Prepaid expenses	**473,218**	293,834
Staff receivables	**72,015**	40,996
Refundable depoists	**9,689**	9,689
	5,997,713	5,930,252

* 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 previous year, the management of the Group formed a provision with an amount of KD 150,000 to cover the possibility of non-collection in the future.

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

2016

During 30 days	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
953,717	**284,619**	**120,945**	**131,594**	**214,487**	**1,705,362**

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

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

7- Available for sale investments

	2016	2015
Investments in local shares - quoted	**1,048,771**	867,844
Investments in local shares - unquoted	**6,417,357**	1,369,923
	7,466,128	2,237,767

8- Investments in associates

The details of these investments are as follow:

Company name	Shareholding percentage % 2016	2015	2016	2015
India Holding Company K.S.C (Holding)	**%33.98**	%33.98	**8,429,326**	8,426,761
Gulf Petroleum Investment Co. K.S.C (Public)	**%16.53**	%20.03	**7,886,814**	8,813,758
			16,316,140	17,240,519

- The Group's share of associate results India Holding Company K.S.C (Holding) has been recognized which its results is loss with amount KD 2,565 based on the audited financial statements as of December 31, 2016.
- 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) which its results is profit with amount of KD 73,545 has been recognized based on the \ interim condensed financial information as of September 30, 2016.

The associate (Gulf Petroleum Investment Co. K.S.C (Public)) increased the share capital in favorer of the creditors and the Group doesn't within the creditors accordingly its share decreased extensionally to be 16.53% instead of 20.03%. And the Group still exercise the significant influence on the financial and operational polices of the Company and the investments still held and categorized as investment in associate. The movements of investments in associate are as follows:

	2016	2015
Balance at beginning of the period	**17,240,519**	17,733,800
Disposals	**-**	(18,896)
Group's share from changes on associate"s equity	**(711,379)**	-
Group's share of associate reserves	**(289,110)**	622,264
Group's share of associates results	**76,110**	(1,096,649)
	16,316,140	17,240,519

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

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

	2016	2015
Assets	21,000,981	20,894,066
Liabilities	446,928	347,529
Non controlling interests	31,034	31,063
Total profits/(losses)	13,099	(19,442)
Profit/(loss) for the year	7,545	(23,964)
Other comprehensive income for the year	-	-

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

	2016	2015
The associates' s net assets	20,523,019	20,515,474
Group's ownership ratio (%)	33.98	33.98
The company's book value	6,974,288	6,971,723

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

	Financial information for the period ended September 30, 2016	Financial information for the period ended September 30, 2015
Assets	66,185,898	73,157,387
Liabilities	18,099,967	28,665,379
Non- controlling interests	378,303	498,192
Total profits/(losses)	2,160,593	(96,953)
Profit/(loss) for the period	2,380,294	(5,406,156)
Other comprehensive (loss)/income for the period	(226,859)	2,243,080

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

	2016	2015
The associate's net assets	47,707,628	43,993,816
Group's ownership ratio (%)	16.53	20.03
The company's book value	7,886,814	8,813,758

9- Intangible assets

This item represents the value of goodwill with an amount of KD 1,851,828 resulted from acquisition of Beet Al Amal Holding Company K.S.C (Holding) and goodwill with an amount of KD 1,994,526 resulted from the acquisition of Atlantic Group for General Trading and Contracting Company (W.L.L).

The management make annually test to determine if there is any indicator of impairment in the value of goodwill . And the "parent company's" management believes that there is no indicator for impairment in value of goodwill according to study prepared by external party dated on December 31, 2016.

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, 2016
"All amounts are in Kuwaiti Dinar unless stated otherwise"

10- Property and equipments

	Furniture and Air conditions	Machinery and Equipments	Decorations and fixtures	Vehicles	Computers	Total
Cost						
Balance at January 1, 2016	182,895	1,641,169	5,500	1,424,056	114,880	3,368,500
Additions	15,283	18,612	-	869,967	275	904,137
Disposals	-	(2,471)	-	(78,099)	(50,000)	(130,570)
Balance at December 31, 2016	198,178	1,657,310	5,500	2,215,924	65,155	4,142,067
Accumulated depreciation						
Balance at January 1, 2016	166,156	603,496	5,499	680,020	7,590	1,462,761
Charged on the year	5,856	124,902	-	187,531	9,826	328,115
Disposals	-	-	-	(64,432)	-	(64,432)
Balance at December 31, 2016	172,012	728,398	5,499	803,119	17,416	1,726,444
Net book value						
At December 31, 2016	**26,166**	**928,912**	**1**	**1,412,805**	**47,739**	**2,415,623**
At December 31, 2015	16,739	1,037,673	1	744,036	107,290	1,905,739

- The additions of property and equipments item include an amount of KD 426,656 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's a non-cash transaction.

11- Accounts payable and other credit balances

	2016	2015
Due to related parties (Note -20)	**310,941**	272,221
Property and equipments purchasing creditor's	**1,574,664**	965,139
Accrued expanses	**247,113**	214,494
Trade payables	**220,491**	137,058
Financial investments purchasing creditor's	**204,822**	204,822
Staff-leave provision	**32,027**	39,888
Taxes deduction	**396,634**	369,124
Accrued dividends	**117,802**	118,784
Other	**983**	6,626
	3,105,477	2,328,156

12- Share capital

The authorized and fully paid up capital 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) the value is each share of 100 Kuwaiti fils and all shares are in cash.

13- Share premium

The share premium is not available for distribution, unless the local laws don't state otherwise.

14- Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles and Memorandum of Association, 10% from the net profit for the year before the contribution to Kuwait Foundation for the Advancement of Science, the national labor support tax 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. And are not allowed for distribution among the shareholders but limited to secure distribution of dividends among the shareholders reached 5 % in years when group's profits are not sufficient to secure that amount.

15- 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 from the Ordinary General Assembly of the Shareholders based on a recommendation from the Board of Directors the transfer to the voluntary reserve discontinued from previous years based on the board of directors decision.

16- Gain/(losses) of investments

	2016	2015
(Loss)/gain on sale of investments	(776)	530,096
Impairment losses from available for sale investment	-	(1,059,695)
Change in fair value of investments at fair value - statement of profit or loss	42,040	47,094
Cash dividends	-	19,507
	41,264	(462,998)

17- Net contract's income

	2016	2015
Contract's income	4,977,321	4,660,833
Cost of activity	(3,902,042)	(3,459,674)
	1,075,279	1,201,159

18- General and administrative expenses

	2016	2015
Staff costs	302,570	459,881
Provision for doubtful debts	-	150,000
Rent	63,525	76,725
Subscriptions and fees	22,672	8,941
Professional fees	20,425	46,567
Promotions and advertising	14,303	36,585
Traveling and transportations	8,947	12,095
Bank expenses	38,135	53,571
Insurance	7,538	8,702
Other	208,770	146,042
	686,885	999,109

19- Earnings/(losses) per share/(fils)

Earnings/(losses)/ per share are computed by dividing the net profit/(loss) for the year attribute to the share holders of the parent company by the weighted average of ordinary shares outstanding during the year as follows:

	2016	2015
Net profit/(loss) for the year	314,699	(1,378,081)
Weighted average of outstanding shares during the year/(share)	269,640,000	269,640,000
Earnings/(losses) per share/(fils)	1.17	(5.11)

20- 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 movements of the transactions with related parties which included in the consolidated financial statements are as follows:

Consolidated statement of financial position:	**2016**	2015
Due from related parties (Note - 6)	**1,924,711**	1,312,743
Due to related parties (Note – 11)	**310,941**	272,221

Consolidated statement of profit or loss:

The consolidated statement of profit or loss does not include any transactions with related parties during the year.

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

21- Contingent liabilities

The Group had contingent liabilities consists of letters of guarantee with an amount of KD 523,638 as of December 31,2016 (2015: KD 559,592).

22- Shareholders' General Assembly

On May 3, 2016, the ordinary and extraordinary general assembly of the Shareholders held and approved the consolidated financial statements for the financial year ended December 31, 2015 and approved the board of directors proposal to not distribute remuneration for the financial year ended December 31, 2015.

23- Proposed dividends

On February 23, 2017 the Board of Director's proposed not to distribute dividends or remuneration for the members of the Board of Directors for the year ended December 31, 2016.

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

24- Segment distribution

The Group practices its activities through two main segments:

- Investment segment: represents in investments on the financial sector.
- General trade and contracting segment: represents in providing services for others.

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

	2016			2015		
	Investment	**General trade and contracting**	**Total**	Investment	General trade and contracting	Total
Segment's income	**117,374**	**4,977,321**	**5,094,695**	(1,559,647)	4,660,833	3,101,186
Segment's results	**117,374**	**648,783**	**766,157**	(1,559,647)	727,442	(832,205)
Segment's assets	**29,984,484**	**7,405,402**	**37,389,886**	26,906,831	5,883,168	32,789,999
Segment's liabilities	**322,624**	**1,574,664**	**1,897,288**	323,606	965,139	1,288,745

	2016	2015
Total segment results	**766,157**	(832,205)
Other income	**9,504**	2,977
Provisions no longer required	**-**	62,478
Other expenses	**(260,389)**	(525,392)
Net profit for the year	**515,272**	(1,292,142)
Total segment assets	**37,389,886**	32,789,999
Cash and cash equivalents	**21,885**	147,004
Term deposits	**135,000**	135,000
Account receivables and other debit balances	**2,249,368**	2,026,143
Finance and Musharka	**-**	300,000
Intangible assets	**3,844,538**	3,846,354
Property and equipments	**54,917**	65,354
Total assets	**43,695,594**	39,309,854

The group practices in main geographic market which is the local market in the state of Kuwait.

25- 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 financial liabilities are disclosed in Note (3) to the consolidated financial statements.

Categories of financial instruments

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

Financial assets	**2016**	2015
Cash and cash equivalents	**67,720**	285,678
Term deposit	**135,000**	135,000
Investments at fair value - statement of profit or loss	**7,450,916**	7,428,545
Accounts receivable and other debit balances	**5,997,713**	5,930,252
Available for sale investments	**7,466,128**	2,237,767
	21,117,477	16,017,242

Financial liabilities	**2016**	2015
Accounts payable and other credit balances	**3,105,477**	2,328,156

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 and financial 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, 2016	**Level 1**	**Level 3**	**Total**
Assets:			
Investments at fair value - statement of profit or loss			
Quoted securities	**192,987**	**-**	**192,987**
Unquoted securities	**-**	**7,257,929**	**7,257,929**
Available for sale investment			
Quoted securities	**1,048,771**	**-**	**1,048,771**
Unquoted securities	**-**	**6,417,357**	**6,417,357**
	1,241,758	**13,675,286**	**14,917,044**
Liabilities:	**-**	**-**	**-**
Net fair value	**1,241,758**	**13,675,286**	**14,917,044**

The fair value of other financial assets and liabilities approximate its carrying amount as of the consolidated financial statements date.
The fair value of these other financial assets and liabilities has been determined according to level 3 by using deducted cash flows..

December 31, 2015	Level 1	Level 3	Total
Assets:			
Investments at fair value - statement of profit or loss			
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

B) Financial risks management

The group's uses 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 settlement.

The maturity analysis of financial liabilities as of December 31, 2016 is as follows:

	During one year	**More than one year**	**Total**
Accounts payable and other credit balances	**3,105,477**	-	**3,105,477**
Provision for end of service indemnity	-	**124,192**	**124,192**
	3,105,477	**124,192**	**3,229,669**

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

- **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 profit or loss 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 profit or loss and available for sale investments as of December 31, 2016 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**	
	2016	2015	**2016**	2015
Kuwait Stock Exchange Market	**19,290**	17,053	**104,877**	86,784

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.

26- 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 stockholder through the optimization of the debt and equity balance.