The Securities House K.S.C.P. and Subsidiaries
Kuwait

Consolidated Financial Statements and Independent Auditor's Report
31 December 2015

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The Securities House K.S.C.P.

Kuwait

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use 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.

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 about 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

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The Securities House K.S.C.P.
Kuwait

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (Continued)

Other Matter

The audit of the consolidated financial statements of the Group for the year ended 31 December 2014 were performed by another joint auditor, who expressed an unmodified audit opinion on those financial statements on 1 April 2015.

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, and the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, except as disclosed in Note 11, during the year ended 31 December 2015 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

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Kuwait
13 April 2016

Consolidated Statement of Income - For the year ended 31 December 2015

	Notes	Kuwaiti Dinars 2015	2014
Continuing operations			
INCOME			
From investment activities			
Realised loss on sale of financial assets at fair value through income statement		**(532)**	(30,821)
Realised gain on sale of financial assets available for sale		**320,502**	6,273
Dividend income		**4,786**	16,943
Realised gain on sale of investment in associates	9 (b)	**394,993**	-
Unrealised loss on financial assets at fair value through income statement	7	**(2,061,298)**	(150,812)
Impairment loss on financial assets available for sale	8	**(1,195,682)**	-
Management fee income	18	**31,265**	12,789
Total loss from investment activities		**(2,505,966)**	(145,628)
Other income		**141,019**	70,076
Total loss from continuing operations		**(2,364,947)**	(75,552)
EXPENSES			
Staff costs		**833,768**	365,670
General and administrative expenses		**453,545**	673,163
Total expenses from continuing operations		**1,287,313**	1,038,833
Loss before share of results, impairment, Murabaha payable costs and taxation		**(3,652,260)**	(1,114,385)
Share of results in associates	9	**32,981**	2,508,163
Impairment loss on investment in associates	9 (d)	**(5,904,448)**	(750,000)
Murabaha payable costs		**(431,755)**	(309,847)
National Labour Support Tax (NLST)		**(14,744)**	(34,393)
Zakat		**(5,841)**	(13,691)
(Loss)/profit for the year from continuing operations		**(9,976,067)**	285,847
Profit for the year from discontinued operations	4	**11,169,447**	3,656,128
Profit for the year		**1,193,380**	3,941,975
Attributable to:			
Equity holders of the Parent Company		**1,186,596**	3,031,619
Non-controlling interests		**6,784**	910,356
Profit for the year		**1,193,380**	3,941,975
Basic and diluted earnings per share attributable to equity holders of the Parent Company	5	**1.9 Fils**	4.8 Fils
Basic and diluted (loss)/earnings per share from continuing operations attributable to equity holders of the Parent Company	5	**(15.5) Fils**	0.5 Fils

The attached notes 1 to 20 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income - For the year ended 31 December 2015

	Notes	Kuwaiti Dinars 2015	Kuwaiti Dinars 2014
Profit for the year		**1,193,380**	3,941,975
Other comprehensive loss:			
Other comprehensive loss classified/ to be reclassified to consolidated statement of income in subsequent periods:			
Foreign currency translation adjustment		**(2,097,778)**	(1,047,814)
Share of other comprehensive loss of associates	9	**(811,344)**	(164,387)
Reclassified to income statement on sale of investment in associates	9 (b)	**(662,414)**	-
Other comprehensive loss for the year		**(3,571,536)**	(1,212,201)
Total comprehensive (loss)/income for the year		**(2,378,156)**	2,729,774
Attributable to:			
Equity holders of the Parent Company		**(2,386,239)**	1,786,385
Non-controlling interests		**8,083**	943,389
		(2,378,156)	2,729,774

The attached notes 1 to 20 form part of these consolidated financial statements.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Consolidated Statement of Financial Position as at 31 December 2015

	Notes	Kuwaiti Dinars 2015	2014
ASSETS			
Bank balances and cash	6	**2,505,256**	1,262,439
Short-term murabaha investments	6	**4,014,871**	203,906
Accounts receivable and prepayments		**1,915,427**	855,304
Financial assets at fair value through income statement	7	**1,870,338**	4,094,840
Financial assets available for sale	8	**2,897,724**	1,820,906
Investment in associates	9	**46,454,710**	78,699,041
Assets held for sale/ associated with discontinued operations	4	**-**	23,435,726
TOTAL ASSETS		**59,658,326**	110,372,162
EQUITY			
Share capital	10	**68,000,000**	68,000,000
Foreign currency translation reserve		**627,158**	3,496,334
Employees' share option reserve	10	**-**	545,456
Treasury shares reserve	10	**4,340,801**	11,267,842
Treasury shares	11	**(11,982,322)**	(19,735,539)
Cumulative changes in equity of associates		**(510,540)**	193,119
Accumulated losses		**(8,104,229)**	(9,836,281)
Equity attributable to equity holders of the Parent Company		**52,370,868**	53,930,931
Non-controlling interests		**189,450**	181,367
Non-controlling interests associated with assets held for sale/discontinued operations	4	**-**	4,970,544
TOTAL EQUITY		**52,560,318**	59,082,842
LIABILITIES			
Murabaha payables	12	**4,808,900**	44,582,579
Accounts payable and accruals		**2,263,260**	2,651,718
Employees' end of service benefits		**25,848**	14,914
Liabilities associated with assets held for sale/discontinued operations	4	**-**	4,040,109
TOTAL LIABILITIES		**7,098,008**	51,289,320
TOTAL EQUITY AND LIABILITIES		**59,658,326**	110,372,162

The attached notes 1 to 20 form part of these consolidated financial statements.

Ibrahim Youssef Al Ghanim
Chairman

Consolidated Statement of Cash Flows – For the year ended 31 December 2015

	Notes	Kuwaiti Dinars 2015	2014
OPERATING ACTIVITIES			
(Loss)/Profit for the year from continuing operations		**(9,976,067)**	285,847
Profit for the year from discontinued operations		**11,169,447**	3,656,128
Adjustments for:			
Realised loss on sale of financial assets at fair value through income statement		**532**	30,821
Realised gain on sale of financial assets available for sale		**(320,502)**	(6,273)
Dividend income		**(4,786)**	(16,943)
Realised gain on sale of investment in associates	9 (b)	**(394,993)**	-
Realised gain on sale of investment in a subsidiary	4	**(11,169,447)**	(324,611)
Share of results in associates	9	**(32,981)**	(2,508,163)
Unrealised loss on financial assets at fair value through income statement	7	**2,061,298**	150,812
Impairment loss on financial assets available for sale	8	**1,195,682**	-
Impairment loss on of investment in associates	9 (d)	**5,904,448**	750,000
Provision for employees' end of service benefits		**17,955**	4,953
Murabaha payables costs		**431,755**	309,847
		(1,117,659)	2,332,418
Change in operating assets and liabilities:			
Accounts receivable and prepayments		**(1,065,590)**	(365,082)
Financial assets at fair value through income statement		**162,672**	609,182
Accounts payable and accruals		**(486,428)**	377,778
Cash (used in) from operations		**(2,507,005)**	2,954,296
Employees' end of service benefits paid		**(7,021)**	(2,588)
Net operating cash flows associated with discontinuing operations		**-**	(484,020)
Net cash flows (used in) from operating activities		**(2,514,026)**	2,467,688
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		**(2,272,500)**	-
Proceeds from sale of financial assets available for sale		**320,502**	470,381
Purchase of an investment in an associate	9 (a)	**(58,948)**	(1,345,105)
Proceeds from sale of investments in associates	9 (b)	**3,625,896**	1,083,049
Proceeds from sale of subsidiaries	4	**8,219,577**	1,933,913
Dividend income received		**4,786**	16,943
Dividends received from associates	9	**400,000**	-
Proceeds from sale of property and equipment		**-**	595,415
Net investing cash flows associated with discontinuing operations		**-**	1,003,441
Net cash flows from investing activities		**10,239,313**	3,758,037
FINANCING ACTIVITIES			
Sale of treasury shares		**826,176**	22,547
Repayment of murabaha payables		**(3,067,225)**	(4,134,915)
Murabaha payables costs paid		**(431,755)**	(311,754)
Net financing cash flows associated with discontinuing operations		**-**	(1,269,320)
Net cash flows used in financing activities		**(2,672,804)**	(5,693,442)
INCREASE IN CASH AND CASH EQUIVALENTS		**5,052,483**	532,283
Cash associated with reclassified discontinuing operations		**-**	(4,415,303)
Net foreign exchange difference		**1,299**	28,182
Cash and cash equivalents at 1 January		**1,466,345**	5,321,183
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**6,520,127**	1,466,345

The attached notes 1 to 20 form part of these consolidated financial statements.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Consolidated Statement of Changes in Equity – For the year ended 31 December 2015

	Kuwaiti Dinars											
	Attributable to equity holders of the Parent Company											
	Share capital	Foreign currency translation reserve	Employees' share purchase plan reserve	Other reserve	Treasury shares reserve	Treasury shares	Cumulative changes in equity of associates	Accumulated losses	Sub-total	Non-controlling interests	Non-controlling interests associated with discontinued operations	Total equity
As at 1 January 2015	**68,000,000**	**3,496,334**	**545,456**	**-**	**11,267,842**	**(19,735,539)**	**193,119**	**(9,836,281)**	**53,930,931**	**181,367**	**4,970,544**	**59,082,842**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,186,596**	**1,186,596**	**6,784**	**-**	**1,193,380**
Other comprehensive (loss)/income	**-**	**(2,869,176)**	**-**	**-**	**-**	**-**	**(703,659)**	**-**	**(3,572,835)**	**1,299**	**-**	**(3,571,536)**
Total comprehensive (loss)/income for the year	**-**	**(2,869,176)**	**-**	**-**	**-**	**-**	**(703,659)**	**1,186,596**	**(2,386,239)**	**8,083**	**-**	**(2,378,156)**
Reclassification of a reserve	**-**	**-**	**(545,456)**	**-**	**-**	**-**	**-**	**545,456**	**-**	**-**	**-**	**-**
Sale of treasury shares	**-**	**-**	**-**	**-**	**(6,927,041)**	**7,753,217**	**-**	**-**	**826,176**	**-**	**-**	**826,176**
Non-controlling interests on sale of subsidiaries (Note 4)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,970,544)**	**(4,970,544)**
As at 31 December 2015	**68,000,000**	**627,158**	**-**	**-**	**4,340,801**	**(11,982,322)**	**(510,540)**	**(8,104,229)**	**52,370,868**	**189,450**	**-**	**52,560,318**
As at 1 January 2014	68,000,000	4,577,181	545,456	(255,897)	11,376,864	(19,867,108)	357,506	(12,867,900)	51,866,102	6,078,804	-	57,944,906
Profit for the year	-	-	-	-	-	-	-	3,031,619	3,031,619	910,356	-	3,941,975
Other comprehensive (loss)/income	-	(1,080,847)	-	-	-	-	(164,387)	-	(1,245,234)	33,033	-	(1,212,201)
Total comprehensive (loss)/income for the year	-	(1,080,847)	-	-	-	-	(164,387)	3,031,619	1,786,385	943,389	-	2,729,774
Sale of treasury shares	-	-	-	-	(109,022)	131,569	-	-	22,547	-	-	22,547
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(509,103)	-	(509,103)
Non-controlling interests on sale of subsidiary (Note 4)	-	-	-	-	-	-	-	-	-	(1,361,179)	-	(1,361,179)
Non-controlling interests on reclassification of subsidiaries (Note 4)	-	-	-	-	-	-	-	-	-	(4,970,544)	4,970,544	-
Reversal of reserve on derecognition of subsidiary	-	-	-	255,897	-	-	-	-	255,897	-	-	255,897
As at 31 December 2014	68,000,000	3,496,334	545,456	-	11,267,842	(19,735,539)	193,119	(9,836,281)	53,930,931	181,367	4,970,544	59,082,842

The attached notes 1 to 20 form part of these consolidated financial statements.

1. CORPORATE INFORMATION AND ACTIVITIES

The consolidated financial statements of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the board of directors on 13 April 2016. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly.

The Parent Company is a Kuwaiti public shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in dealing and brokerage in securities on its behalf and on behalf of third parties, underwriting and sale of third party-issued securities, investment trust and investment monitoring, providing financial advisory and research services, establishing financial, real estate, industrial and multipurpose investment funds and companies, fund management on behalf of third parties, investment in real estate and other economic sectors, finance activities and mediation in borrowing and international trade activities. The Parent Company performs all of its activities in accordance with Islamic Shariah principles and is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as an investment company.

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

The Parent Company's principal place of business and registered address is 18th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRS except for the International Accounting Standard '(IAS) 39: Financial Instruments: Recognition and Measurement' requirement for collective provision, which has been replaced by the CBK's requirement for a minimum general provision as described under the accounting policies for impairment and un-collectability of financial assets

The consolidated financial statements have been prepared under the historical cost basis except for the measurement at fair value of financial assets classified as fair value through profit or loss, or financial assets classified as available for sale.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is the functional currency of the Parent Company.

2.2 New and revised accounting standards

Effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the following new and amended IASB Standards during the year:

IFRS 3: Business Combinations (Effective for annual periods beginning on or after 1 July 2014)

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value at each reporting date whether or not they fall within the scope of IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognized in the statement of income. The adoption of these amendments has had no impact on the financial position or performance of the Group.

IFRS 8: Operating Segments (Effective for annual periods beginning on or after 1 July 2014)

The amendments are applied retrospectively and clarify that:

- o An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- o The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The adoption of these amendments has had no impact on the financial position or performance of the Group.

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective for annual periods beginning on or after 1 July 2014)

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The adoption of these amendments has had no impact on the financial position or performance of the Group.

IAS 24: Related Party Disclosures (Effective for annual periods beginning on or after 1 July 2014)

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of these amendments has had no impact on the financial position or performance of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 Standards and interpretations issued but not yet adopted

The following IFRS and Interpretations have been issued but are not yet effective and have not been early adopted by the Group. The Group intends to adopt them when they become effective.

IFRS 9: Financial Instruments:

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

IFRS 15: Revenue from Contracts with customers

IFRS 15 was issued by IASB in May 2014 is effective for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue recognition requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is currently assessing the impact of this Standard.

Amendments to IAS 1: Disclosure Initiative

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

IFRS 16: Leases

The Standard is effective for annual periods beginning on or after 1 January 2019 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Group is currently evaluating its effect and does not expect that its adoption will have a significant impact.

Adoption of other new or amended Standards are not expected to have material effect on the consolidated financial position or financial performance of the Group. Additional disclosures will be made in the consolidated financial statements when these Standards become effective.

2.4 Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.5 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. Intra group losses that indicate an impairment is recognized in the consolidated financial statements.

When the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.6 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

2.7 Financial instruments

Classification

In the normal course of business the Group uses financial instruments, principally bank balances and cash, short term murabaha investments, accounts receivables, investments, accounts payables and murabaha payables. In accordance with International Accounting Standard (IAS) 39, the Group classifies financial assets as "at fair value through profit or loss", "loans and receivables" or "available for sale". All financial liabilities are classified as "other than at fair value through profit or loss".

Recognition/derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

Financial instruments

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Financial assets at fair value through profit or loss

Financial assets classified as "at fair value through profit or loss" are divided into two sub categories: financial assets held for trading, and those designated at fair value through statement of profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if they are managed and their performance is evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy. Derivatives are classified as "held for trading" unless they are designated as hedges and are effective hedging instruments.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured and carried at amortised cost using the effective yield method.

Available for sale

These are non-derivative financial assets not included in any of the above classifications and principally acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These are subsequently measured and carried at fair value and any resultant gains or losses are recognized in the consolidated statement of comprehensive income. When the "available for sale "asset is disposed of or impaired, the related accumulated fair value adjustments are transferred to the consolidated statement of income as gains or losses.

Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of similar assets may be impaired. If such evidence exists, the asset is written down to its recoverable amount. The recoverable amount of an interest bearing instrument is determined based on the net present value of future cash flows discounted at original effective interest rates; and of an equity instrument is determined with reference to market rates or appropriate valuation models. Any impairment loss is recognised in the consolidated statement of income. For "available for sale" equity investments, reversals of impairment losses are recorded as increases in fair valuation reserve through equity.

Financial assets are written off when there is no realistic prospect of recovery.

General provision

In accordance with the CBK instructions, a minimum general provision is made on all applicable credit facilities (net of certain categories of collateral) that are not provided for specifically.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

i) Gain or losses on sale of investments are recognised when the risks and rewards are transferred to the buyer.

ii) Dividend income is recognised when the right to receive payment is established.

iii) Management fee income is recognised when services are rendered.

iv) Investment services income is recognised when services are rendered.

v) Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

2.9 Fair values measurements

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and.

Level 3 - inputs are unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost less impairment.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.10 Investment in associates

An associate is an entity over which the Group exerts significant influence. Investment in associates is accounted for under the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for resale under IFRS 5.

Under the equity method, the investment in associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in Group's share in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss statement. The Group's share of those changes is recognised in the consolidated statement of income and comprehensive income.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

The associate's financial statements are prepared either to the Group's reporting date or to a date not earlier than three months of the Group's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effects of significant transactions or other events that occur between the reporting date of the associates and the Group's reporting date.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at fair value. Any difference between carrying amount of the Investment in Associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

2.12 Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents includes bank balances and cash and short-term murabaha investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

2.13 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at cessation of employment. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the reporting date. This basis is considered to be a reliable approximation of the present value of this liability.

2.14 Foreign currency

Foreign currency transactions are recorded at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into Kuwaiti Dinars at rates of exchange ruling at the reporting date. Any resultant gains or losses are taken to the consolidated statement of income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Translation difference on non-monetary items classified as "at fair value through profit or loss" are reported as part of the fair value gain or loss in the consolidated statement of income whereas, where as those on non-monetary items classified as "available for sale" financial assets are included in consolidated statement of income and comprehensive income.

The income and cash flow statements of foreign operations are translated into the Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill) are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

2.15 Treasury shares

The Parent Company's holding in its own shares is stated at acquisition cost and is recognised in equity. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in the equity. When the treasury shares are sold, gains are credited to a separate account in equity, "treasury shares reserve", which is not distributable until all the treasury shares are disposed. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. These shares are not entitled to any cash dividend. The issue of bonus shares increases the number of shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.16 Contingencies

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefit is probable. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

2.17 Significant accounting judgments, estimates and assumptions

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 accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Classification of investments

On acquisition of an investment, the Group decides whether it should be classified as "financial assets at fair value through profit or loss" or "financial assets available for sale".

The Group classifies investments as 'financial assets at fair value through profit or loss' if they are acquired primarily for the purpose of short term profit making or if they are managed and their performance is evaluated on a reliable fair value basis in accordance with a documented investment strategy. All other investments are classified as "available for sale".

Impairment of financial assets available for sale

The Group treats "financial assets available for sale" equity investments as impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is "significant" or "prolonged" requires significant judgement. In addition, the Group also evaluates among other factors, normal volatility in the share price for quoted equities and the future cash flows and the discount factors for unquoted equities. Impairment may be considered appropriate when there is evidence of deterioration in the financial position of the investee, industry and sector performance; changes in technology and operational and financing cash flows.

Estimation uncertainty

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

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- earnings multiple technique; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Impairment of investments

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

Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associates 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 recognises the amount in the consolidated statement of income.

Impairment provision of receivables and murabaha receivables

An estimate of the collectible amount of receivables and murabaha receivables 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.

3. SUBSIDIARIES AND ASSOCIATES

	Country of incorporation	Percentage of ownership	
		2015	2014
Subsidiaries			
Saji Real Estate Company K.S.C. (Closed)	Kuwait	**90%**	90%
Securities House for Real Estate Services Company K.S.C. (Closed) ("SHRES")	Kuwait	**80%**	92%
Held through SHRES			
Emirates and Kuwait Real Estate Company L.L.C.	United Arab Emirates	**80%**	80%
Associates			
Al-Aman Investment Company K.S.C.P. ("Al-Aman Investment")	Kuwait	**41%**	46%
Gatehouse Financial Group Limited (GFGL)	United Kingdom	**31%**	-
Gatehouse Bank plc ("Gatehouse Bank")	United Kingdom	**-**	42%

During the year, following a capital reorganisation, Gatehouse Bank become a wholly owned subsidiary of GFGL thus making GFGL an associate of the Group. This has not impacted the Group's investment in the associate.

4. DISCONTINUED OPERATIONS

(a) During the previous year, the Parent Company entered into a legally binding settlement agreement with its major creditor to settle murabaha payables amounting to KD 42,917,494 in exchange for cash payment and the sale of specific assets including interests in subsidiaries to the creditor (Note 12). With effect from the date of signing the agreement, these subsidiaries were classified as held for sale. During the period ended 30 June 2015 and according to the agreement, the Parent Company de-recognised its entire equity interest in the following subsidiaries:

- New Technology Bottling Company K.S.C. (Closed), and
- Kuwait Boxes Carton Manufacturing Company K.S.C. (Closed).

(b) During the previous year, the Parent Company signed an agreement with Gatehouse Bank plc ("Gatehouse Bank") (an associate), to sell its entire interest in its subsidiary, Gatehouse Capital - Economic and Financial Consultancy K.S.C. (Closed) ("Gatehouse Capital") amounting to 58.0% of the total issued share capital of Gatehouse Capital to Gatehouse Bank over two phases, the first was 13.4% of the total issued share capital which was completed during 2014, and the second is 44.6% of the total issued share capital for completion in 2015. As a result, the Group's ownership percentage in Gatehouse Capital decreased from to 58.0% to 44.6% as at 31 December 2014 and ceased to have control over the its operations in accordance with IFRS 10: "Consolidated Financial Statements". With effect from the date of loss of control, the retained investment in Gatehouse Capital was classified as held for sale. During the period ended 30 June 2015, the Parent Company completed the second phase and de-recognised its entire equity interest in Gatehouse Capital.

The results of the disposed and classified as assets held for sale subsidiaries are as presented below:

	Kuwaiti Dinars	
	2015	2014
Revenues	-	11,140,004
Operating costs	-	(7,476,012)
Gross profit	-	3,663,992
Realised gain on sale of financial assets available for sale	-	110,986
Dividend income	-	91,419
Investment services income	-	2,557,746
Unrealised gain on financial assets at fair value through income statement	-	6,505
Share of results of an associate (Note 9)	-	635,929
Amortisation of intangibles	-	(63,633)
Other income	-	140,594
Staff costs	-	(1,675,646)
Selling and distribution expenses	-	(1,119,423)
General and administrative expenses	-	(996,360)
Finance cost	-	(20,592)
Profit from discontinued operations	-	3,331,517
Gain on disposal of discontinued operations	**11,169,447**	324,611
Profit for the year from discontinued operations	**11,169,447**	3,656,128
Attributable to:		
Equity holders of the Parent Company (Note 5)	**11,169,447**	2,733,901
Non-controlling interests	-	922,227
Profit for the year from discontinued operations	**11,169,447**	3,656,128
Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the Parent Company	**17.4 fils**	4.3 fils

The net cash flows attributable to discontinued operations as of the date of sale are shown in the statement of cash flows.

The net assets of the subsidiary companies on the date of disposal and classification as assets held for sale were as follows:

	Kuwaiti Dinars		
	31 December 2015	31 December 2014	31 December 2014
	Disposed off	Disposed off	Classified as held for sale
Assets			
Bank balances and cash	**4,415,303**	940,454	4,415,303
Accounts receivable and prepayments	**3,823,463**	74,248	3,720,026
Inventories	**3,054,061**	-	3,054,061
Financial assets at fair value through income statement	**45,624**	13,721	45,624
Financial assets available for sale	**2,616,283**	786,790	2,616,283
Investment in associates	**4,849,919**	1,458,508	4,849,919
Investments properties	**537,371**	161,603	537,371
Property, plant and equipment	**4,197,139**	11,082	4,197,139
Total assets	**23,539,163**	3,446,406	23,435,726
Liabilities			
Murabaha payable	**153,429**	-	153,429
Accounts payable and accruals	**2,882,462**	110,942	2,882,462
Employees' end of service benefits	**1,004,218**	108,385	1,004,218
Total liabilities	**4,040,109**	219,327	4,040,109
Non-controlling interests	**4,970,544**	1,361,179	4,970,544
Net assets disposed off or classified as held for sale	**14,528,510**	1,865,900	14,425,073
Total consideration	**26,449,436**	2,479,000	
Realised gain before elimination of gain on downstream transaction and recycling of reserves	**11,920,926**	613,100	
Eliminated gain (Note 9 (c))	**(751,479)**	(238,497)	
Reserves recycled to the consolidated statement of income	**-**	(49,992)	
Realised gain on sale attributable to the equity holders of the Parent Company	**11,169,447**	324,611	

Net cash flows from transaction:

	Kuwaiti Dinars	
	2015	2014
Total consideration	**26,449,436**	2,479,000
Less: bank balances and cash, net of share of non-controlling interests	**-**	(545,087)
Less: non-cash consideration (Note 12)	**(18,229,859)**	-
Net cash consideration received on sale	**8,219,577**	1,933,913

5. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is computed by dividing profit (loss) attributable to the equity holders of the Parent Company by the weighted average number of shares (net of treasury shares) outstanding during the year as follows:

	Kuwaiti Dinars	
	2015	2014
Profit for the year attributable to equity holders of the Parent Company	**1,186,596**	3,031,619
	Shares	
Weighted average number of shares (net of treasury shares) outstanding for the year	**640,587,191**	637,998,466
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	**1.9 fils**	4.8 fils

Basic and diluted (loss)/ earnings per share from continuing operations

	Kuwaiti Dinars	
	2015	2014
Profit for the year attributable to the equity holders of the Parent Company	**1,186,596**	3,031,619
Less:		
Profit for the year from discontinued operations attributable to the equity holders of the Parent Company (Note 4)	**11,169,447**	2,733,901
(Loss)/Profit for the year attributable to the equity holders of the Parent Company from continuing operations	**(9,982,851)**	297,718
	Shares	
Weighted average number of ordinary shares outstanding during the year (shares)	**640,587,191**	637,998,466
Basic and diluted (loss)/earnings from continuing operations per share attributable to the equity holders of the Parent Company	**(15.5) fils**	0.5 fils

There are no dilutive potential ordinary shares.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	Kuwaiti Dinars	
	2015	2014
Bank balances and cash	**2,505,256**	1,262,439
Short-term murabaha investments with original maturities up to three months	**4,014,871**	203,906
	6,520,127	1,466,345

Short-term murabaha investments carry effective average profit rate of 1.0% (2014: 0.3%) per annum.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	Kuwaiti Dinars	
	2015	2014
Held for trading		
Quoted equity securities	**384,172**	136,800
Designated upon initial recognition		
Unquoted local equity securities	**668,125**	1,780,535
Unquoted foreign equity securities	**818,041**	2,177,505
	1,870,338	4,094,840

The valuation of investments in unquoted equity securities involves the exercise of judgment and is based on information available on recent arm's length market transactions, current fair value of another instrument that is substantially the same or other valuation methods. The management has used discount rates ranging from 20% to 50% to the available reported book values in valuing some material investments and discount rates at 100% in valuing some immaterial investments based on the management's assessment of their fair value.

During the year, the Group had unrealised gain on quoted equity investments amounting to KD 2,940 (2014: loss of KD 12,000) and unrealised loss on unquoted equity investments amounting to KD 2,064,238 which includes an amount of KD 459,573 related to immaterial investments that were written off in full (2014: loss of KD 138,812 including an amount of KD 136,255 related to immaterial investments that were written off in full).

Financial assets at fair value through income statement amounting to KD 581,507 (2014: KD 1,598,541) are pledged as security against murabaha payables (Note 12).

8. FINANCIAL ASSETS AVAILABLE FOR SALE

	Kuwaiti Dinars	
	2015	2014
Unquoted local equity securities	-	85,714
Unquoted foreign equity securities	**2,897,724**	1,735,192
	2,897,724	1,820,906

Unquoted equity securities are carried at cost less impairment since their fair value cannot be reliably measured due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these assets. The management has used discount rates ranging from 20% to 30% to the available reported book values in valuing some material investments and discount rates at 100% in valuing some immaterial investments based on the management's assessment of their fair value.

During the year, the Group performed impairment testing for financial assets available for sale which resulted in impairment loss of KD 1,195,682 which includes an amount of KD 360,574 related to immaterial investments that were written off in full (2014: KD Nil) in the consolidated statement of income to account for the adverse circumstances affecting certain assets, thus reducing the value of these assets to their recoverable amount. The management believes that there is no objective evidence or circumstances that indicate any further impairment in the value of these assets and that there is no need to recognise any additional impairment in their value.

Financial assets available for sale amounting to KD 183,568 (2014: KD 325,714) are pledged as security against murabaha payables (Note 12).

9. INVESTMENT IN ASSOCIATES

	Kuwaiti Dinars	
	2015	2014
At the beginning of the year	**78,699,041**	85,708,799
Acquisitions (a)	**58,948**	1,345,105
Disposals and deconsolidation (b)	**(22,369,912)**	(8,736,581)
Share of results	**32,981**	2,508,163
Share of results related to discontinued operations (Note 4)	**-**	635,929
Share of other comprehensive loss	**(811,344)**	(164,387)
Foreign currency translation adjustment	**(2,099,077)**	(1,036,335)
Dividend received	**(400,000)**	(509,522)
Elimination of gain on downstream transaction (c) (Note 4)	**(751,479)**	(238,497)
Amortisation of intangible assets	**-**	(63,633)
Impairment (d)	**(5,904,448)**	(750,000)
At the end of the year	**46,454,710**	78,699,041

a) During the current year, the Parent Company purchased 1,000,000 shares (equivalent to 0.5% of the total issued share capital) of Al-Aman Investment Company KSCP for an amount of KD 58,948.

During the previous year, the Parent Company purchased 278,500,000 shares (equivalent to 1.8% of the total issued share capital) of Gatehouse Bank plc from its disposed off subsidiary, Gatehouse Capital - Economic and Financial Consultancy K.S.C. (Closed) for an amount of KD 1,345,105 (Note 13).

b) During the current year, the Parent Company sold 285,000,000 shares (equivalent to 1.8% of the total issued share capital) of Gatehouse Bank for an amount of 2,808,671, net of transactional expenses of KD 86,188. As a result, the Group reclassified positive reserves of KD 141,542 and recognised a net realised gain on sale amounting to 58,836 in the consolidated statement of income.

During the current year, the Parent Company sold 9,614,413 shares (equivalent to 4.9% of the total issued share capital) of Al-Aman Investment Company and 1,536,869,952 shares (equivalent to 9.7% of the total issued share capital) of Gatehouse Bank to its major creditor against settlement of certain outstanding murabaha payables amounting to 19,293,820 (Note 12). As a result, the Group reclassified positive reserves of KD 520,872 and recognised a net realised gain on sale amounting to 336,157 in the consolidated statement of income. This included a non-cash consideration amounting to KD 18,476,595.

During the previous year, the Parent Company sold 2,295,807 units (equivalent to 32.7% of the total issued capital) of Green Valley's units to Gatehouse Capital for an amount of KD 958,049. The Group did not recognise any gain or loss on sale in the consolidated statement of income (Note 13).

During the previous year, the Parent Company sold 50 units (equivalent to 50.0% of the total issued capital) of Nafaes Group's units for an amount of KD 125,000. The Group did not recognise any gain or loss on sale in the consolidated statement of income.

During the previous year and as a result of the cessation of consolidating Gatehouse Capital, the Group ceased to present its associate, Weaver Point, as an associate of the Group at carrying values of KD 7,653,532 at time of deconsolidation.

c) As a result of the sale of Gatehouse Capital to Gatehouse Bank (an associate) (Note 4), the Group eliminated gain amounting to KD 751,479 (2014: KD 238,497) to the extent of its ownership percentage in Gatehouse Bank.

d) As at 31 December 2015, the Group performed an impairment test on its investment in associates which resulted in the recognition of an impairment loss amounting to KD 4,456,410 in investments in Gatehouse Financial Group (2014: KD Nil) and KD 1,448,038 in Al-Aman Investment Company (2014: KD 750,000). The management believes that there is no objective evidence on circumstances that indicates any further impairment in the value of its investment in associates.

Details of the test of impairment are shown below.

Al-Aman Investment Company

The recoverable amount of the investment in Al-Aman Investment has been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by the board of directors of Al-Aman Investment covering a 3 year period (2016 to 2018). The following table illustrates the rates used by the Group together with a quantitative sensitivity analysis as at 31 December 2015:

	Applied rate	
	2015	2014
Discount rate	**13.1%**	11.6%
Projected compounded annual growth for income	**12.2%**	16.4%
Terminal growth rate	**2.0%**	2.0%

The calculation of value-in-use for Al-Aman Investment is most sensitive to terminal growth rate and discount rate. A reasonably possible change in the key assumptions does not have a material impact on the recoverable amount.

Discount rate

Discount rate reflects the current market assessment of the risk specific to Al-Aman Investment, which is an listed investment company in Kuwait specialised in portfolio and fund management in accordance with the Shariah principles. The discount rate was estimated based on the average percentage of a weighted cost of capital for the investment industry in Kuwait and was further adjusted to reflect the market assessment of any risks specific to Al-Aman Investment.

Projected compounded annual growth rate of revenues

Al-Aman Investment strategic business plan is for the company to be active in portfolio and fund management services.

The carrying value and market value of Al-Aman Investment as at 31 December 2015 are KD 8,820,626 (2014: KD 11,892,172) and KD 4,536,000 (2014: KD 6,810,695) respectively.

Gatehouse Financial Group

The recoverable amount of the investment has been determined based on fair value less cost to sell approach, relying on a recent arm's length cash sale transaction of Gatehouse Financial Group's shares.

The following table illustrates summarised financial information of investment in associates:

	Kuwaiti Dinars		
31 December 2015	**Al-Aman Investment Company**	**Gatehouse Financial Group**	**Total**
Current assets	**10,118,932**	**36,463,015**	
Non-current assets	**12,301,786**	**88,741,062**	
Current liabilities	**(566,978)**	**(71,129,828)**	
Non-current liabilities	**(457,422)**	**(1,355,819)**	
Net Assets	**21,396,318**	**52,718,430**	
Revenues	**3,298,413**	**5,463,149**	
Profit (loss) for the year	**1,466,177**	**(1,324,365)**	
Share of associates' net assets	**8,820,626**	**16,249,289**	**25,069,915**
Goodwill and intangible assets	**-**	**22,526,000**	**22,526,000**
Eliminated gain on downstream transaction	**-**	**(1,141,205)**	**(1,141,205)**
Carrying amount of interest in associates	**8,820,626**	**37,634,084**	**46,454,710**

31 December 2014	Kuwaiti Dinars		
	Al-Aman Investment Company	Gatehouse Bank	Total
Current assets	5,943,598	44,881,293	
Non-current assets	16,773,742	79,049,392	
Current liabilities	(595,924)	(60,437,963)	
Non-current liabilities	(432,471)	(2,576,043)	
Net Assets	21,688,945	60,916,679	
Revenues	6,453,100	7,021,905	
Profit for the year	3,725,378	1,910,241	
Share of associates' net assets	9,892,172	25,800,412	35,692,584
Goodwill and intangible assets	2,250,000	41,539,680	43,789,680
Eliminated gain on downstream transaction	-	(783,223)	(783,223)
Carrying amount of interest in associates	12,142,172	66,556,869	78,699,041

Investment in an associate amounting to KD 5,463,783 (2014: KD 6,798,257) are pledged as security against murabaha payables (Note 12).

10. SHARE CAPITAL, RESERVES AND DIRECTORS' REMUNERATION

a) Share capital

The Parent Company's authorised, issued and paid up share capital comprises 680,000,000 (2014: 680,000,000) shares of 100 fils (2014: 100 fils) per share which was paid in cash.

The board of directors of the Parent Company resolved and proposed the following to the Parent Company's shareholders on records as of the date of the general assembly:

- Cancellation of all treasury shares outstanding as at 31 December 2015.
- Writing-off the accumulated losses balance as at 31 December 2015.
- Capital cash reduction of 6.5% of the total outstanding share capital at 100 fils per share.

This proposal is subject to the approval of the CMA and the extraordinary general assembly of the shareholders of the Parent Company.

b) Statutory reserve

In accordance with the Parent Company's articles of association, 10% of the profit for the year before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat is required to be transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. During the current year, no transfer has been made to statutory reserve since profit for the year was not sufficient to cover the balance of the accumulated losses.

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

c) Treasury share reserve

Reserves equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable in the Parent Company. An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from voluntary reserve throughout the holding period of treasury shares.

d) Directors' remuneration

The ordinary general assembly of the shareholders of the Parent Company held on 21 June 2015 approved the payment of directors' remuneration of KD 35,000 for the year 2014.

11. TREASURY SHARES

	Kuwaiti Dinars	
	2015	**2014**
Number of treasury shares	**25,500,000**	42,000,000
Percentage of share capital	**3.8%**	6.2%
Market value (KD)	**930,750**	3,192,000

Treasury shares are not pledged and are freely held by the Parent company.

Under the Kuwait Companies Law and CMA regulations, the Parent Company is required to maintain reserves equivalent to the cost of purchased treasury shares. Due to operating losses in previous years, adequate reserves for this purpose are currently not available. To rectify this, the Board of Directors resolved and recommended to the shareholders of the Parent Company at their next Extraordinary General Meeting, the cancellation of all treasury shares outstanding as at 31 December 2015 (Note 10(a)).

12. MURABAHA PAYABLES

	Kuwaiti Dinars	
	2015	**2014**
Current	**4,808,900**	44,582,579

Murabaha payable represents the value of assets purchased on a deferred settlement basis.

Murabaha payables amounting to KD 4,808,900 (2014: KD 42,332,579) are secured against receivable balances, financial assets at fair value through income statement, financial assets available for sale and investment in an associate amounting to KD 1,506,604, KD 581,507, KD 183,568 and KD 5,463,783 respectively (2014: KD 693,298, KD 1,598,541, KD 325,714 and KD 6,798,257) (Notes 7, 8 and 9).

In November 2014, the Parent Company entered into two legally binding agreements with its major creditor, the first is a debt settlement agreement to settle murabaha payables amounting to KD 42,917,494 in exchange for cash payment and the sale of specific financial assets at fair value through income statement, interests in associates and subsidiaries to the creditor (Note 4), and the second is a reconciliation agreement to cease the legal cases filed by the major creditor against the Parent Company in previous years.

During 2014, murabaha payable balances of KD 584,915 were settled in exchange for cash and specific assets.

During the current year, the Parent Company settled murabaha payable balances of KD 37,523,679 by sale and transfer of investments in associates of KD 19,293,820 (Note 9) and transfer of investments in subsidiaries amounting of KD 18,229,859 (Note 4).

13. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and executive officers of the Group, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party balances and transactions consist of the following:

	Kuwaiti Dinars	
	2015	2014
Consolidated statement of income:		
Gain on sale of equity interest in a former subsidiary (Note 4)	**1,077,724**	324,611
Murabaha payable costs	**66,945**	207,764
Consolidated statement of financial position:		
Bank balances and murabaha investment	**4,119,177**	297,298
Murabaha payable	-	2,250,000
Transactions:		
Sale of equity interest in a former subsidiary (Note 4)	**8,243,600**	2,479,000
Purchase of equity interest in an associate (Note 9(a))	-	1,345,105
Sale of equity interest in an associate (Note 9(b))	-	958,049

	Kuwaiti Dinars	
	2015	2014
Key management compensation:		
Salaries and other short term benefits	**618,906**	154,720

14. SEGMENTAL INFORMATION

For management purposes the Group is organised into two major business segments:

Proprietary investment management : Investing of Group's funds in securities and real estate, financing corporate and individual customers, and managing the Group's liquidity requirements.

Asset management and advisory services : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.

	Kuwaiti Dinars									
	Continuing operations						Discontinued operations		**Total**	
	Proprietary investment management		Asset management and advisory services		**Total**					
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Segment loss (revenue)	**(2,396,212)**	(90,921)	**31,265**	15,369	**(2,364,947)**	(75,552)	**11,169,447**	14,040,749	**8,804,500**	13,965,197
Segment results	**(3,361,697)**	(870,046)	**(290,563)**	(244,339)	**(3,652,260)**	(1,114,385)	**11,169,447**	3,104,424	**7,517,187**	1,990,039
Share in result of associates	**32,981**	2,508,163	-	-	**32,981**	2,508,163	-	635,929	**32,981**	3,144,092
Impairment and amortisation	**(5,904,448)**	(750,000)	-	-	**(5,904,448)**	(750,000)	-	(63,633)	**(5,904,448)**	(813,633)
Murabaha payable costs	**(431,755)**	(309,847)	-	-	**(431,755)**	(309,847)	-	(20,592)	**(431,755)**	(330,439)
Taxation					**(20,585)**	(48,084)	-	-	**(20,585)**	(48,084)
Profit (loss) for the year					**(9,976,067)**	285,847	**11,169,447**	3,656,128	**1,193,380**	3,941,975
Assets:										
Segment assets	**6,683,489**	6,771,050	-	-	**6,683,489**	6,771,050	-	9,435,994	**6,683,489**	16,207,044
Investment in associates	**46,454,710**	78,699,041	-	-	**46,454,710**	78,699,041	-	4,849,919	**46,454,710**	83,548,960
Others	**6,520,127**	1,466,345	-	-	**6,520,127**	1,466,345	-	9,149,813	**6,520,127**	10,616,158
	59,658,326	86,936,436	-	-	**59,658,326**	86,936,436	-	23,435,726	**59,658,326**	110,372,162

14 SEGMENTAL ANALYSIS (continued)

	Kuwaiti Dinars									
	Continuing operations						Discontinued operations		**Total**	
	Proprietary investment management		Asset management and advisory services		**Total**					
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Liabilities:										
Murabaha payables	**4,808,900**	44,582,579	-	-	**4,808,900**	44,582,579	-	153,429	**4,808,900**	44,736,008
Account payable and accruals	**2,263,260**	2,651,718	-	-	**2,263,260**	2,651,718	-	2,882,462	**2,263,260**	5,534,180
Employees' end of service benefits	**25,848**	14,914	-	-	**25,848**	14,914	-	1,004,218	**25,848**	1,019,132
	7,098,008	47,249,211	-	-	**7,098,008**	47,249,211	-	4,040,109	**7,098,008**	51,289,320
Other segmental information:										
Capital expenditure	-	-	-	-	-	-	-	169,420	-	169,420
Depreciation	-	-	-	-	-	-	-	541,630	-	541,630
Impairment loss on financial assets available for sale (Note 8)	**1,195,682**	-	-	-	**1,195,682**	-	-	-	**1,195,682**	-

15. FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities as defined in Note 2.

The fair values of financial instruments except financial assets available for sale stated in Note 8, are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

Fair value of financial assets at fair value through income statement is based on the following:

	Kuwaiti Dinars			
	Total	**Level 1**	**Level 2**	**Level 3**
31 December 2015				
Financial assets at fair value through income statement				
Held for trading:				
Foreign quoted securities	**384,172**	**384,172**	**-**	**-**
Designated upon initial recognition				
Local unquoted securities	**668,125**	**-**	**-**	**668,125**
Foreign unquoted equity securities	**818,041**	**-**	**-**	**818,041**
	1,870,338	**384,172**	**-**	**1,486,166**
31 December 2014				
Financial assets at fair value through income statement				
Held for trading:				
Local quoted securities	136,800	136,800	-	-
Designated upon initial recognition				
Local unquoted securities	1,780,535	-	-	1,780,535
Foreign unquoted equity securities	2,177,505	-	-	2,177,505
	4,094,840	136,800	-	3,958,040

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	Kuwaiti Dinars				
	As at 1 January 2015	**Transfer from level 1 on delisting of investment**	**Loss recorded in the consolidated statement of income**	**Net purchases, sales and settlements**	**As at 31 December 2015**
Financial assets at fair value through income statement					
Unquoted equity securities	**3,958,040**	**136,800**	**(1,744,268)**	**(864,406)**	**1,486,166**

	Kuwaiti Dinars				
	As at 1 January 2014	Loss recorded in the consolidated statement of income	Net purchases, sales and settlements	Classified as held for sale	As at 31 December 2014
Financial assets at fair value through income statement					
Unquoted equity securities	4,381,383	(132,539)	(290,804)	-	3,958,040
Investment properties	698,974	-	-	(698,974)	-
	5,080,357	(132,539)	(290,804)	(698,974)	3,958,040

During the previous year, there have been no transfers between the hierarchies.

Description of significant unobservable inputs to valuation of financial assets:

Local unquoted securities represent unlisted securities on local stock exchange. Unquoted equity securities are valued based on net book value method using latest available financial statement of the investee entity, wherein the underlying assets are fair valued, or based on last traded prices, adjusted for impairment losses, if any.

16. RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, currency risk and equity price risk. The Group is also subject to operational risk. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

16.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of financing activities.

Maximum exposure to credit risk and risk concentration

With respect to credit risk arising from the financial assets of the Group, which comprise bank balances and cash, short-term murabaha investments, murabaha receivables and certain accounts receivable, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of contractual financial instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The Group's bank balances and short-term murabaha investments are held with high credit quality banks and financial institutions. In addition, murabaha receivables and receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The table below shows the maximum exposure to credit risk and risk concentration for the contractual financial instruments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements or credit enhancements:

	Kuwaiti Dinars	
	Gross maximum exposure 2015	Gross maximum exposure 2014
Bank balances and short-term murabaha investments:		
- Local banks and financial institutions	**2,400,236**	1,169,047
- Foreign banks and financial institutions	**4,119,891**	297,298
- Accounts receivable	**1,894,697**	1,145,399
Total exposure to credit risk	**8,414,824**	2,611,744

Collateral and other credit enhancements

The Group does not have any collateral or other credit enhancements against any of the financial assets at 31 December 2015 and 31 December 2014.

Analysis of impaired financial assets

An estimate of the collectible amount of financial assets 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.

16.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in short-term murabaha or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future profit payments over the life of these financial liabilities. The liquidity profile of financial liabilities at 31 December is as follows:

31 December 2015	Kuwaiti Dinars				
	Within 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Murabaha payables	-	-	**4,808,900**	-	**4,808,900**
Accounts payable and accruals	-	**11,687**	**159,278**	**2,092,295**	**2,263,260**
Total financial liabilities	-	**11,687**	**4,968,178**	**2,092,295**	**7,072,160**
Commitments	-	-	-	**2,000**	**2,000**

31 December 2014	Kuwaiti Dinars				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Murabaha payables	-	37,095,504	7,487,075	-	44,582,579
Future profit payable	-	-	66,945	-	66,945
Accounts payable and accruals	-	96,546	2,555,172	-	2,651,718
Total financial liabilities	-	37,192,050	10,109,192	-	47,301,242
Commitments	-	-	-	-	-

16.3 MARKET RISK

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

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration as disclosed in Note 16.4, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

16.3.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is not exposed to profit rate risk on its profit bearing assets and liabilities (short-term murabaha investments and murabaha payable) as a result of reasonably possible changes in profit rates since the Group is not exposed to any fixed rate profit bearing assets and liabilities.

16.3.2 Foreign currency risk

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

Foreign currency risk is managed by the Group on the basis of determined limits and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, and consequently the Group does not hedge foreign currency exposures.

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

	Change in currency rate by 3%			
	31 December 2015		31 December 2014	
Currency	**Effect on profit for the year**	**Effect on other comprehensive income**	Effect on loss for the year	Effect on other comprehensive income
GBP	**1,553**	**1,138,660**	-	2,039,275
USD	**24,557**	**77,294**	65,332	32,983
AED	**7,589**	**-**	-	-
QAR	**4,536**	**-**	-	-

16.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The equity price risk exposure arises from the Group's investment portfolio. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are listed on the Stock Exchanges of the GCC countries.

The effect on profit for the year (as a result of a change in the fair value of financial assets at fair value through income statement) and on equity (as a result of a change in the fair value of financial assets available for sale) due to a reasonably possible changes in active market indices, with all other variables held constant is as follows:

	Change in currency rate by 3%			
	31 December 2015		31 December 2014	
Market index	**Effect on profit for the year**	**Effect on other comprehensive income**	Effect on loss for the year	Effect on other comprehensive income
	2015	**2015**	2014	2014
UAE	**6,989**	**-**	-	-
Qatar	**4,536**	**-**	-	-
Kuwait	**-**	**-**	6,840	-

Any change in fair values of unquoted investments valued based on price earnings ratios will have a corresponding change in equity and profit before deductions.

Investments in the category of financial assets available for sale category are in unlisted companies and therefore the Group is not significantly exposed to equity price risk due to reasonably possible changes in active market indices.

The Group's unquoted equity securities carried at cost in available for sale category where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the consolidated statement of income will be impacted.

16.3.4 Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

16.4 ASSET CONCENTRATIONS

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The distribution of assets by geographic region was as follows:

	Kuwaiti Dinars	
	2015	2014
Geographic region		
Kuwait	**13,653,834**	39,902,596
United Kingdom	**41,936,829**	67,192,621
United States of America	**2,485,821**	274,860
GCC	**1,581,842**	3,002,085
	59,658,326	110,372,162

The distribution of financial investments by industry sector was as follows:

	Kuwaiti Dinars	
	2015	2014
Industry sector		
Banks and financial and investment institutions	**47,456,319**	81,199,724
Real estate	**2,578,301**	1,087,975
Services	**803,980**	85,714
Others	**384,172**	2,241,374
	51,222,772	84,614,787

17. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through income statement, financial assets available for sale and investment properties is based on management's estimate of liquidation of those investments.

The maturity profile of assets and liabilities at 31 December was as follows:

2015	Kuwaiti Dinars		
	Up to 1 year	**Over 1 year**	**Total**
Assets:			
Bank balances and cash	**2,505,256**	**-**	**2,505,256**
Short-term murabaha investments	**4,014,871**	**-**	**4,014,871**
Accounts receivable and prepayments	**1,915,427**	**-**	**1,915,427**
Financial assets at fair value through income statement	**384,172**	**1,486,166**	**1,870,338**
Financial assets available for sale	**-**	**2,897,724**	**2,897,724**
Investment in associates	**-**	**46,454,710**	**46,454,710**
Total assets	**8,819,726**	**50,838,600**	**59,658,326**
Liabilities:			
Murabaha payables	**4,808,900**	**-**	**4,808,900**
Accounts payable and accruals	**2,263,260**	**-**	**2,263,260**
Employees' end of service benefits	**-**	**25,848**	**25,848**
Total liabilities	**7,072,160**	**25,848**	**7,098,008**
LIQUIDITY SURPLUS	**1,747,566**	**50,812,752**	**52,560,318**

2014	Kuwaiti Dinars		
	Up to 1 year	Over 1 year	Total
Assets:			
Bank balances and cash	1,262,439	-	1,262,439
Short-term murabaha investments	203,906	-	203,906
Accounts receivable and prepayments	855,304	-	855,304
Financial assets at fair value through income statement	136,800	3,958,040	4,094,840
Financial assets available for sale	-	1,820,906	1,820,906
Investment in associates	22,082,472	56,616,569	78,699,041
Assets held for sale/associated with discontinued operations	23,435,726	-	23,435,726
Total assets	47,976,647	62,395,515	110,372,162
Liabilities:			
Murabaha payables	44,582,579	-	44,582,579
Accounts payable and accruals	2,651,718	-	2,651,718
Employees' end of service benefits	-	14,914	14,914
Liabilities associated with assets held for sale/discontinued operations	4,040,109	-	4,040,109
Total liabilities	51,274,406	14,914	51,289,320
LIQUIDITY (GAP) SURPLUS	(3,297,759)	62,380,601	59,082,842

18. FIDUCIARY ASSETS

In its capacity as manager of portfolios and funds belonging to third parties, the Parent Company manages investments and bank accounts amounting to KD 11,323,871 (2014: KD 16,704,138) in its own name as a nominee on behalf of third parties. These assets are not included in the consolidated statement of financial position of the Group. Income from the managed portfolios and funds amounts to KD 31,265 for the year ended 31 December 2015 (2014: KD 12,789).

19. ZAKAT

Zakat for shareholders is calculated according to the Sharia rules approved by the Parent Company's Fatwa and Shariah Supervisory Board. Zakat calculated amount as of 31 December 2015 is 1.0 fils (2014: 1.40 fils) per share.

In accordance with Law No. 46 of 2006 and as a result of the profit for the year, the Group has deducted a provision of 1% of net profit subject to zakat for the year ended 31 December 2015 amounting to 0.01 fils per share (2014: 0.02 fils).

Responsibility for payment of unsettled zakat amounting to 0.99 fils (2014: 1.38 fils) per share lies with the shareholders and not the Parent Company.

20. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may reduce the amount of borrowings, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Capital represents equity attributable to the equity holders of the Parent Company.

	Kuwaiti Dinars	
	2015	2014
Murabaha payable	**4,808,900**	44,582,579
Less: Cash and cash equivalents	**(6,520,127)**	(1,466,345)
Net debt	**-**	43,116,234
Equity attributable to the equity holders of the Parent Company	**52,370,868**	53,930,931
Capital and net debt	**52,370,868**	97,047,165
Gearing ratio	**-%**	44.4%